

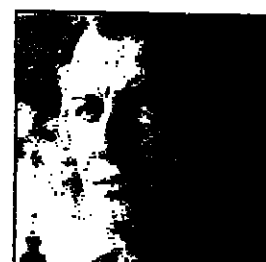
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FAKE - Chapter One
A sticky murder. A day at the races... So begins FAKE, our summer mystery story in eight parts

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Feast of Redgraves
'I remember a feeling of utter inadequacy as a son. There seemed to be nothing my father did not know'

Page III

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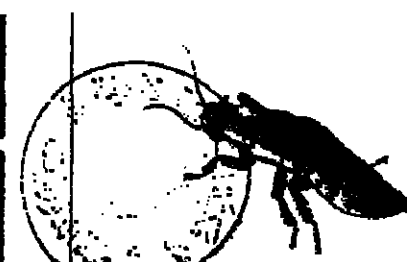
FINANCIAL TIMES

JUNE 21 / JUNE 22 1997



Relaxed and repaired
'In this mood, Rafter could win Wimbledon. If he does, he knows who'll be buying the beer'

Page XX



Pooters at the ready
'A while ago, a Russian entomologist died after an over-enthusiastic pooting session in a cave'

Page XXIV

US tobacco industry set for \$370bn settlement

By Richard Tomkins in New York

US cigarette makers yesterday agreed to pay out about \$370bn over the next 25 years - far more than expected - as the price for a historic settlement intended to protect the industry from all big anti-smoking lawsuits in the US for the indefinite future.

In another big concession to the anti-tobacco lobby, they also accepted unconditional regulation by the Food and Drug Administration, opening the way for the agency to order a gradual reduction in the nicotine content of cigarettes sold in the US.

But tobacco manufacturers won an important concession in return. Under the agreement, individuals bringing lawsuits against the industry over claims that smoking has damaged their health will be allowed to sue only for compensation - so excluding the possibility of potentially ruinous punitive damages.

If the deal is to stick, it requires the approval of the White House and legislation by Congress, neither of which is likely to be forthcoming. If the political costs are too high, some public health advocates have vowed to put up a vigorous opposition to the plan, saying it will bring more benefits to the tobacco companies and lawyers involved in the negotiations than it will to society.

To counter these accusations, the negotiators have introduced "social" provisions into the agreement, such as additional

financial penalties against the tobacco companies if under-age smoking does not fall by 30 per cent within five years and 60 per cent within 10 years.

The settlement was expected to be announced in Washington DC late yesterday after nearly three months of negotiations between the tobacco companies and the attorneys-general of 40 states suing the industry for the billions of dollars they have spent on treating sick smokers.

The industry has agreed to pay out sums of \$10bn-\$15bn a year over the next 25 years in return for protection from all existing and future class action lawsuits and state lawsuits.

The figure far exceeds the total operating profits of \$7.2bn that manufacturers made from US cigarette sales last year. But the companies' profits will not suffer too greatly because they will raise the money by increasing US cigarette prices by about 50 cents a pack.

The tobacco industry will also accept much tougher regulation by the Food and Drug Administration and heavy restrictions on advertising in the US, including a ban on the use of human and cartoon figures such as the Marlboro Man and Joe Camel.

The last-minute toughening-up of the deal appears to have come out of a growing suspicion that the settlement represented a sell-out to the tobacco industry - a perception heightened by the fact that tobacco stocks have soared since news of the talks emerged.

Pre-summit talks aim to reassure markets over Japanese surplus



Russian president Boris Yeltsin, left, and Japanese premier Ryutaro Hashimoto in Denver yesterday

Washington, Tokyo try to play down trade fears

By Gerard Baker, Bruce Clark and Robert Peston in Denver, Colorado

The US and Japan yesterday sought to play down fears in financial markets of a reopening of tension between the two countries over Japan's large and growing trade surplus.

Mr Robert Rubin, the US Treasury secretary, and Mr Hiroshi Mitsuoka, the Japanese finance minister, reaffirmed the importance of maintaining a close economic relationship at a meeting shortly before the opening of the world summit of leading industrialised nations in Denver.

Mr Mitsuoka told Mr Rubin that Japan remained committed to promoting domestic demand and avoiding a further increase in the country's large current account surplus. The two men pledged to co-operate in currency markets to curb excess volatility.

The co-operative tone of the meeting was intended to ease fears that the US would use the summit of the leaders of the Group of Seven industrialised countries and Russia as an opportunity to scold Japan over the trade issue.

Late on Thursday, President Bill Clinton and Mr Ryutaro Hashimoto, the Japanese prime minister, met for lengthy discussions dominated by the two countries' growing trade gap. Mr Clinton told Mr Hashimoto that the growing trend in the surplus was a significant cause for concern for the US, and expressed anxiety that the gap should not become a source of friction between the two countries.

Mr Mitsuoka confirmed Japan's commitment to deregulation as a means of opening markets. As part of the process, the two countries signed a new trade initiative on Thursday in which Japan agreed to consult the US on how best to deregulate several of its most important sectors.

Experts from the two countries are to investigate ways to open Japan's telecommunications, medical equipment, financial services and housing markets to foreign products. But Japanese officials played down suggestions that the US would be advising or monitoring Tokyo on the deregulation plans.

With US-Japanese trade tension largely off the agenda, the summit began in earnest last night with talks over dinner

expected to cover the Bosnian peace process.

President Boris Yeltsin began his diplomatic programme in Denver by meeting Mr Hashimoto. Japan has until recently expressed reservations about Russia joining the G7.

Russian officials said the two leaders avoided discussion of the territorial dispute over the Kurile islands, and focused on commercial projects to exploit the islands' resources. Yesterday, in a symbolic but easily reversible gesture, Russia pledged to stop targeting Japan with nuclear missiles.

Mr Tony Blair, the UK prime minister, will today tell other leaders that there must be no fudging of the financial criteria for membership of the European single currency.

The "Summit of Eight" will continue today and conclude tomorrow. The other topics for discussion are global growth prospects, promoting international financial stability, assistance for African countries, environmental issues, and the peace process in the Middle East.

Iranian exiles, Page 3
Nissan Mutual, Page 24

Blair plans move to shame IRA into calling ceasefire

By Robert Peston, Political Editor, in Denver, Colorado

Mr Tony Blair, the UK prime minister, will next week divulge details of secret contacts between the British government and Sinn Féin in an attempt to prove he has bent over backwards to bring Northern Ireland's republicans into the peace process.

In a bid to shame the IRA into a ceasefire, Mr Tony Blair will

disclose in a statement to Parliament just how far he was prepared to go to meet the concerns of the IRA's political wing. "We could not have done more," he has told colleagues.

Mr Blair regards the IRA's killing last Monday of two Royal Ulster Constabulary officers in Lurgan as a deliberate "act of sabotage" to the peace process.

He is prepared to give the IRA one last chance to declare a credible ceasefire. However, he has

told colleagues it might be possible to pursue the peace process with Sinn Féin excluded from the talks.

A government minister said: "It depends on the attitudes of the SDLP (the moderate nationalists) and the Ulster Unionists."

Mr Blair is hopeful that US president Bill Clinton will put increased pressure on the IRA to give up the armed struggle by scaling back its contacts with Sinn Féin. The British govern-

ment has been told that future contacts between the White House and Sinn Féin will be at a "very low level", if at all.

Mr Blair was delighted by Mr Clinton's forthright condemnation of the IRA killings last Monday.

In two meetings with the president today in Denver, where both men are attending the Group of Seven summit, he will outline his previous attempt to bring about an IRA ceasefire and

his new strategy for pursuing an Ulster settlement.

Mr Blair has told colleagues he does not know whether Sinn Féin is "serious about peace".

Ministers are hopeful for support from the US following a statement last week by the FBI pledging to help the British police "ensure that the terrorists responsible for this evil act will be fully prosecuted".

Details, Page 5

News General

González quits as leader

Spanish Socialist leader Felipe González dropped a political bombshell when he said he was standing down from his party post. Delegates had been preparing to re-elect him tomorrow. Mr González headed the Spanish government from 1982 until his narrow defeat in last year's general election. He would not necessarily have to be party leader to be in line for the premiership after the next election, due in 2000. Page 2

Banker becomes Thai finance chief: Thai Military Bank president Thanong Bidaya was appointed Thailand's finance minister. The 50-year-old banker was not the first choice, officials said, but several other candidates refused to take the post. Page 4

Mercedes launches A Class: German carmaker Mercedes-Benz has chosen Brussels, "the capital of Europe", to launch its A Class car, which goes on sale in October. The car has stood automotive convention on its head by putting the engine under the driver's feet and raising the floor to give passengers a commanding view over other vehicles. The company says it has received up to 500 orders a day from German customers. Page 7

Thatcher calls for light hand in Hong Kong: Former UK prime minister Baroness Thatcher said it was important for China to exercise care over Hong Kong after Britain hands it back on June 30. "I hope they'll make a special point of governing with a very light hand, so that they keep the maximum freedoms." That would be best for Hong Kong and for China, she said. Britain, she is confident, could not have obtained a better deal in the handover negotiation. Page 7; Mainland money lifts shares, Page 4; FT Weekend Page IV

Man in the News

Bernard Arnault

No stranger to corporate power struggles, the LVMH chairman this week led his company on an \$800m raid to become GrandMet's largest shareholder. Many company chiefs might be showing signs of battle weariness, but Mr Arnault is made of sterner stuff.

Page 6



News Business

Drug looks to \$1bn market

US pharmaceutical producer Warner-Lambert is expected to produce "very compelling data" about its new diabetes drug, Rezulin, which has been available to only a limited group of patients in the US. The new findings could bolster the case for approval by the Food and Drug Administration of Rezulin for a much wider population, possibly creating a \$1bn a year market. Warner-Lambert's shares have more than doubled in the past year, in part because of enthusiasm over the prospects for Rezulin and Liptor, a cholesterol-lowering drug. Page 24

French and German exchanges may link: The German and French stock exchanges are discussing plans to link their operations electronically. The move is designed to create a stronger market ahead of European monetary union, which will intensify competition among bourses. Next to London, the German and French stock markets are the biggest in Europe. Page 28; Lex, Page 24

Two probes into GrandMet merger with Guinness: Both the European and US competition authorities opened investigations into the planned \$2.8bn (\$3.5bn) merger of Guinness and Grand Metropolitan. The European Commission highlighted "significant overlaps" between the two companies, particularly in the whisky, gin and vodka markets. The investigations are both expected to last about four months. Page 24 and Lex

Dow breaks through 7,800 level on brisk trading: Trading opened briskly on Wall Street with a heavy morning volume as options and futures contracts took centre stage during the market's "triple witching day", on which individual stock options, index options, and futures expire together. The Dow Jones Industrial Average broke through the 7,800 mark by midday, gaining 37.55 to 7,816.42. World stocks, Page 21

Life insurers to help Nissan Mutual bail-out Japanese life insurance companies: Indicated that they would contribute about ¥100bn (\$8.8bn) to help bail out the collapsed Nissan Mutual life insurance group. Nissan policyholders will also have to bear some burden. A plan to set up a company to take over the losses of Nissan Mutual will be dropped if it is opposed by more than 10 per cent of policyholders, who have a month to register complaints. Page 24

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Dominican Republic D200	Paraguay P200	Peru P200
Dominican Republic D200	Peru P200	Poland P200
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Dominican Republic D200	Portugal P200	Romania R200
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Dominican Republic D200	Saudi Arabia S200	Senegal S200
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Dominican Republic D200	Switzerland S200	Taiwan T200
Dominican Republic D200	Taiwan T200	Tanzania T200
Dominican Republic D200	Tanzania T200	Thailand T200
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Dominican Republic D200	Togo T200	Turkey T200
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NEWS: EUROPE

Russian star drives an easy bargain

By John Thornhill in Moscow

Russia's acting president turned second-hand car salesman yesterday as the government started selling off its fleet of foreign limousines.

Mr Boris Nemtsov, the radical young reformer put "in charge" of the Kremlin while President Boris Yeltsin is on a trip to the US, supervised the auction of foreign cars as part of his populist "buy Russian" campaign.

Surrounded by television cameras, Mr Nemtsov watched the

proceedings begin with the sale of a toy Mercedes for \$300. Five full-sized Audis, a Saab and a Chevrolet were quick to follow, although they were sold at disappointingly low prices of about \$20,000 apiece. Two cars remained unsold.

Mr Nemtsov blamed the media hordes for scaring away potential buyers. Others suggested insider dealing as a possible cause.

The Kremlin's rising political star promised the proceeds would help the government pay off its

debts to millions of pensioners and federal employees. He said that by the end of 1998 all the country's bureaucrats would be driving cheaper, Russian-made cars - most of them Volgas manufactured in the minister's home town of Nizhny Novgorod.

"Things will not change until our bureaucrats and deputies have felt with their own backsides all the delights of the Russian roads, until they have felt all the particularities of Russian cars," he joked.

Mr Nemtsov, who entered the

government in March, claimed his campaign was already beginning to have an effect, with sales of Russian-made cars jumping 13 per cent in the first five months of 1997 compared with the same period last year. The publicity stunt was typical of the style of Mr Nemtsov, who is that most rare of Russian politicians: a popular reformer. An opinion poll published this week showed that Mr Nemtsov topped the list of potential presidential candidates, with an approval rating of 22 per cent.

The Russian media enjoyed

poking around inside well-known bureaucrats' limousines and chided Mr Anatoly Tolstoy, the Communist minister for relations with the Commonwealth of Independent States, for crashing his Audi. The damaged car was sold to a spare parts dealer for \$10,000.

In Denver, where he is attending a meeting of the world's industrial leaders, Mr Yeltsin entered into the spirit of the campaign as he was ferried around in a Russian-made Zil limousine.

Back in Moscow, though, Mr Yeltsin still prefers his Mercedes.

Yilmaz gets call to lead Turkey

By Kelly Couturier in Ankara

President Süleyman Demirel yesterday appointed Mr Mesut Yilmaz, the secular leader of the conservative Motherland party, to form Turkey's next government in the wake of the collapse of an Islamist-led coalition.

The appointment appears to be a victory for military leaders who signalled this week their opposition to a reconstituted Islamist coalition under Mrs Tansu Çiller, leader of the True Path party.

The army, which sees itself as the guardian of a secularist Turkish state, has accused the outgoing government of fuelling a subversive religious movement aimed at transforming Turkey into an Islamic state.

Mr Yilmaz, a former prime minister who led a short-lived coalition last year, said he favoured a broad-based consensus government.

His task will not be easy. His Motherland party fields just 129 MPs in the 550-seat parliament, but he said he was confident he could put together a cabinet list by June 30 to lead the country to early polls next spring.

"My aim is to set up a government as sound as possible, as soon as possible," the new prime minister-designate said. He said that he planned to begin talks immediately with the rival conservative True Path party of Mrs Çiller as well as several left-wing and smaller parties.

Last year Mr Yilmaz forged a brief coalition with Mrs Çiller, aimed at keeping

the Islamists out of power. But the union fell apart after Mrs Çiller withdrew her support.

Mr Yilmaz excluded a role for the outgoing Islamist Welfare party of Mr Necmettin Erbakan, who resigned on Wednesday amid a stand-off with the nation's powerful armed forces that had immobilised his government.

To obtain a majority in the 550-seat parliament, Mr Yilmaz, who reportedly has the support of two left-wing parties and a small centrist party, would require the defection of about 10 members of Mrs Çiller's True Path if he cannot persuade her to bring her party into a Yilmaz government.

Mrs Çiller had lobbied to be given the government-forming mandate on the basis that her 116-seat party had the guaranteed backing of the 156-seat Welfare party and the small seven-seat Grand Unity party, adding up to a 282-seat parliamentary majority.

Mr Erbakan, Turkey's fallen Islamist prime minister, said the appointment of Mr Yilmaz was not in line with the dictates of democracy.

"To suddenly make the appointment after talking only to the opposition is against democratic practice," Mr Erbakan said.

The Istanbul stock market index, battered by recent political chaos, ended up 2.56 per cent on hopes Mr Yilmaz would get the nod from Mr Demirel.

Trading closed before the announcement.



González: his unexpected resignation shocked colleagues and opponents alike

González quits as leader of Spain's Socialist party

By David White in Madrid

Mr Felipe González, the Spanish Socialist leader, dropped a political bombshell yesterday when he announced he was standing down from his party post.

Mr González, who headed the Spanish government from 1982 until last year, made the announcement towards the end of a virtuoso opening address at a party congress in Madrid.

"I will not be a candidate for secretary-general," he said, referring to the leadership post. His statement was greeted by a murmur of disbelief among party delegates, who were preparing to re-elect him tomorrow.

Close colleagues said his decision was firm, but they indicated he was likely to remain president of the

Socialist parliamentary group, a post created for him after the party's unexpectedly narrow defeat in the March 1996 election.

That, they said, would leave open the option of placing Mr González at the head of the party's list of candidates in the next election - due in 2000. He would not necessarily have to be party leader to be in line for the premiership.

His decision left the party 48 hours to find a new leader. The timing of the move seems to rule out Mr Javier Solana, the Nato secretary-general, previously seen as a potential successor. The odds were on the choice of another close González associate as a stop-gap solution. The names of Mr Joaquín Almunia, parliamentary spokesman, Mr Alfredo Pérez Rubalcaba,

minister for the prime minister's office in the last government, and Mr Ramón Jáuregui, the party's Basque leader, were mentioned. Some party figures suggested a bolder alternative might be Mr Pasqual Maragall, the popular Socialist mayor of Barcelona, who is leaving the post this autumn.

Yesterday's coup de théâtre transformed the party congress, which had been expected to centre on the controversial role of his long-time number two, Mr Alfonso Guerra, main bugbear of González loyalists.

Mr González, who has held absolute sway over the party since the end of Spain's Franco régime, said it would not be right for him to try to "pilot" the leadership succession.

A commission has been appointed to draw up plans for new industries in the mining areas. Miners' leaders are claiming that the government has agreed an extra 7 per cent pay rise beginning in August, but this appears to be partial indemnification for inflation, which has been in place for some time.

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EUROPEAN NEWS DIGEST

Jospin policy package costed

Economists yesterday estimated costs during 1997 of measures promised by France's new Socialist government at about FF10bn (\$1.7bn), as reaction to the details of its policies gathered pace.

Mr Lionel Jospin, prime minister, outlining measures in the National Assembly on Thursday, steered clear of providing details but pledged to raise the minimum wage by 4 per cent - below the figure that most expected but still bringing an additional cost of FF3.5-FF4.5bn. He also pledged a substantial increase in the education allowance provided to parents at the start of the school year in September to FF1,600 a child, as well as low-income housing renovation programmes.

However, Mr Edouard Balladur, the former Gaullist prime minister, claimed that the total costs of the measures could reach FF50bn a year.

Mr Eric Chaney, economist with Morgan Stanley, the investment bank, said he believed the net cost during 1997 of these policies would be FF9bn, and left his forecast on economic growth for the year unchanged at 2.4 per cent.

Mr Jospin stressed his commitment to create 700,000 jobs and to reduce the working week from 39 hours to 35 without any reduction in salary. *Andrew Jack, Paris*

EU sets emission limits

EU environment ministers yesterday agreed to tackle air pollution by reducing car and industry emissions.

The council of ministers set tough new limits on sulphur and benzene content in car fuel and on engine emissions. Officials estimated these cuts could require investments of Ecu50bn (\$67.5bn) by industry and governments.

The move is part of a grander pledge, also agreed yesterday, to reduce emissions of gases thought to cause global warming. The council said it would cut such emissions by at least 7.5 per cent by 2005, compared with 1990 levels, if other developed nations agree to similar reductions at a meeting in December. EU states are to cut sulphur levels for diesel to two thirds of current levels, and for petrol to one third, by 2000. The council allowed southern states to apply for a three-year delay on reaching the petrol target. *Sander Theones, Luxembourg*

Romanian miners strike deal

Striking miners in Romania's Jiu Valley have reached a compromise with the government whereby they will receive a 23.5 per cent pay rise. The government has also agreed that miners can retire on full pension at the age of 40, or after 20 years' service and that for the moment at least, there will be no mass dismissals as a result of restructuring.

The Jiu strikers had demanded a rise of 45 per cent, but this was rejected as excessive even by miners in other parts of the country.

A commission has been appointed to draw up plans for new industries in the mining areas. Miners' leaders are claiming that the government has agreed an extra 7 per cent pay rise beginning in August, but this appears to be partial indemnification for inflation, which has been in place for some time.

Gazprom director injured

The Russian media reported yesterday that one of Gazprom's senior directors had been the target of an assassination attempt when a bomb exploded under his car and partially severed his left leg. Police declined to speculate on the cause of the attack but did not rule out the possibility it was connected with Mr Vladimir Zavgorniy's business activities as deputy director of Gazprom's gas export subsidiary.

Gazprom has been undergoing tumultuous change in recent months as the reformist government has forced the company to start restructuring. The Delovoi Mir newspaper said yesterday that Mr Rem Vyakhirev, Gazprom's chairman, might be replaced at the company's annual meeting on June 28 although company officials dismissed the report.

Gazprom confirmed yesterday it had retained ABN Amro and Goldman Sachs banks to help it raise a \$1bn eurobond and a \$1bn convertible bond. The company said last week it had also mandated Dresdner Kleinwort Benson and Crédit Lyonnais to raise up to \$4.2bn of short-term finance. *John Thornhill, Moscow*

Swiss reject US criticism

Switzerland has strongly rejected a US government claim that its dealings with Nazi Germany helped prolong the second world war. It says that it was not possible given that its total exports and financial transactions only contributed 0.5 per cent to the estimated \$500bn German war effort.

Mr Flavio Cotti, Swiss foreign minister, said that his government could not accept accusations in a recent report by Mr Stuart Eizenstat, US under secretary of commerce, that Switzerland had prolonged the war and that its policy of neutrality had been immoral. The accusations were made in last month's report on US and Allied efforts to recover looted Nazi gold. Mr Cotti also accused Mr Eizenstat of not understanding the meaning of neutrality. He said that the report made no mention of SF200m (\$141m) contribution by Swiss people between 1944 and 1948 to victims of the war. *William Hall, Berne*

Picasso painting recovered

A painting by Pablo Picasso valued at up to \$7m has been recovered undamaged more than five years after being stolen for a second time, France's Grenoble Museum said yesterday.

The painting, *L'Enfant et la Poupée*, was stolen in March 1992 and recovered by police working for a French agency which tracks down stolen items of cultural value. The painting had been stolen in August 1986 but discovered a week later. *Reuter, Grenoble*

Brussels presses for anti-trust pact with US

By Lionel Barber in Brussels

The European Commission yesterday proposed a non-aggression pact between the US and the EU which would oblige both sides to refrain from applying anti-trust laws on each other's territory.

The proposal seeks to prevent tensions over competing anti-trust investigations launched in Brussels and Washington.

But, crucially, it does not cover investigations into mergers.

Merger policy and related questions of jurisdiction have become a contentious political issue in the wake of the Commission's inquiry into the \$14bn Boeing-McDonnell Douglas aerospace merger.

Boeing recognised EU jurisdiction last February when it filed details of the merger. But after Mr Karol Van Miert, EU competition commissioner, raised objections to parts of the deal, a debate erupted over whether anti-trust authorities in Brussels or Washington should take the lead role.

The Commission repeated yesterday that merger inquiries could not be put on hold while waiting for a decision in Washington or Brussels. Merger investigations were subject to strict deadlines according to law, a spokesman said.

The Commission nevertheless views the new draft accord as a useful tool for business and consumers. It would flesh out the principle of "positive comity" which

was introduced in a 1991 accord, encouraging the competition watchdogs to refrain from duplicating investigations.

The Commission said: "The draft accord assumes that, under certain conditions, the parties [to the agreement] suspend in principle their own application of enforcement measures" when the anti-competitive behaviour does not affect consumers on one side of the Atlantic, or where the principal damage is on the other side.

The Commission noted that the accord - which is likely to be ratified after the summer - should help to avoid the use of "extra-territoriality", whereby parties seek, in effect, to enforce domestic law overseas.

Bonn mini-budget to allow new borrowing

By Ralph Atkins in Bonn

Germany's federal government is to introduce a supplementary "mini budget" later this summer to allow an exceptional increase in borrowing in 1997 to help address mounting difficulties in the country's public finances.

The move announced yesterday by Mr Friedrich Bohl, minister in the chancellor's department in Bonn, highlighted the acute pressures created by high unemployment and unexpectedly low tax revenues.

Increased borrowing will heighten expectations that Germany will fail this year to fulfil Maastricht treaty criteria for a single European currency, which set a three per cent target for public sector deficits. The "mini-budget" is an admission that previously agreed borrowing totals cannot be met.

However, government officials pointed out that the Maastricht targets also cover the finances of state and local governments. Mr Bohl reiterated that Germany would fulfil the criteria through a variety of measures, including "in the area of privatisation". Pressure from the Free Democratic party, junior members of Chancellor Helmut Kohl's ruling coalition, has led Mr Theo Waigel, finance minister, to all but rule out tax increases to plug budget shortfalls. Instead, Mr Waigel will hold talks next week with spending departments about savings measures and an accelerated privatisation programme.

The finance committee of the Bundestag, the lower chamber of parliament, yesterday agreed changes to long-term tax reform plans which will lead to a smaller reduction in tax revenues next year than originally planned. Energy utilities with large financial reserves would be among the losers.

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Magistrate finds evidence linking DC-9 crash off Sicily in 1980 to mid-air clash with Libyan Mig

Did Nato fighters shoot down Italian airliner?

At a military airbase near Rome, a heavily guarded hangar houses the reconstructed fuselage of a DC-9 whose wreckage was recovered from the sea near the island of Ustica, off Sicily.

The civil aircraft was on an evening flight from Bologna to Palermo when it disappeared off the radar screens and crashed into the sea on June 27 1980. All 81 people on board died and only 39 bodies were found.

Over the years the crash of the DC-9, which belonged to the defunct civil airline Itavia, has been variously attributed to a terrorist bomb, a mid-air collision, and an air-to-air missile.

The corpses and wreckage contained traces of the explosive T4. But evidence for any of the theories has been contradictory and sparse. Now, thanks to sophisti-

cated deciphering of military radar transcripts, and seven years' patient detective work by Mr Rosario Priore, an investigative magistrate, some of the fog is beginning to clear.

The radar transcripts - read with the belated co-operation of Nato - establish a pattern of aircraft movements which suggest the DC-9 was innocently caught up in a mid-air battle.

Shortly after the flight took off from Bologna an unknown military aircraft, identified as friendly by the radar, tracked in underneath it. The aircraft - and possibly a second - followed the DC-9 in this way almost until the last moment. As the DC-9 began to cross the Mediterranean towards Sicily at least six military aircraft were identified in the vicinity, some from an aircraft carrier, in the final moments two of these

closed on the DC-9 in an attack mode and the aircraft underneath broke away.

The Italian investigative authorities believe at least two jets could have been American and two French. The identity of the "friendly" aircraft concealed under the DC-9 is not known.

The Americans have consistently denied any involvement in either their land-based or carrier-borne aircraft. According to its log, the US carrier Saratoga was off duty in Naples. A jetted fuel tank, found on the sea bed near part of the DC-9 wreckage, was of a type used by carrier-borne aircraft and has a US manufacturer's serial number (whose records happen to be no longer available).

The French for their part say the aircraft carrier Clemenceau had been in the Mediterranean

but entered Toulon harbour on the morning of the tragedy. They also deny their Corsican base of Solenzara was in use after 5pm despite evidence to the contrary.

Besides this, the French submarine recovery company Ifremer said it had recovered all available wreckage after two summer sessions in 1987-88. But when Mr Priore took over the case in 1990 and called in other experts, the flight recorder and the remaining large parts of wreckage were recovered.

Adding to the mystery, the radar transcripts reluctantly supplied by the Italian air force between 1980 and 1990 had been tampered with.

Indeed, more than 80 members of the air force, including the top command at the time, face various charges of perjury and destroying evidence.

Apart from seeking to remove

evidence of air activity over Ustica, the air force officers are alleged to have lied about the discovery of a Libyan Mig-23.

The Libyan jet was said by a hastily convened Italo-Libyan commission to have contained a deserter who ran out of fuel and crashed in the hills of Sila in southern Calabria, killing its pilot, on July 20 1980.

However, the pilot's body was in an advanced state of decomposition consistent with death three weeks previously, and no Mig had the range to reach Sila from Libya.

But why should there have been a mid-air battle over the Mediterranean?

At about the time the "friendly" aircraft was identified hiding beneath the airliner, three Italian F-104s took off from nearby Grosseto - officially on a training mis-

sion. But two of the squadron's most experienced pilots were in the designated trainer.

The mission returned to base 20 minutes before the Ustica crash but not before sounding an alarm (sighting the DC-9 and its shadow?) and with one staying in the air.

Had they identified the "friendly" aircraft as the Libyan Mig? Had the Mig been followed and then accidentally or deliberately fired upon with a missile that hit or grazed the DC-9?

In this conjecture there are only two certainties: lots of people have done their best to prevent the truth emerging and will continue to do so and Mr Priore will ask for another extension of his investigation, which is due to wind up at the end of this month.

Robert Graham

دولت اسلامی

Mexico's secret power brokers find their voice

By Leslie Crawford
in Mexico City

The most exclusive club in Mexico – a club so secretive it does not even have an official address – has elected a new leader. The Mexican Council of Business Men, which groups the 34 wealthiest chief executives, has chosen as president Mr Eugenio Clariond Reyes, a steel magnate with political connections from the northern city of Monterrey.

There was no public announcement. But as is often the case in Mexico, the news filtered into the public arena yesterday following a private lunch between members of the council and Mr Emilio Chuayffert, Mexico's interior minister and chief political broker.

Like many countries in Latin America, Mexico boasts an alphabet soup of innocuous and largely dormant business associations, set up by governments to increase control over their entrepreneurs.

The Mexican Council of Business Men, however – founded in 1961, when Mexico was toying with socialism – is in a different league. No interest group has wielded as much influence over successive governments, or been as shrouded in secrecy. The council's first charter even forbade the keeping of minutes at meetings.

The council was at the peak of its powers during the mid-1980s, when President Miguel de la Madrid began opening Mexico's closed economy to foreign trade. In 1987, as Mr de la Madrid's term was ending, the council met and interviewed the top seven candidates who were angling for the ruling Institutional Revolutionary party's presidential nomination.

The man who most impressed the council at the "pasarela", or beauty pageant, was Mr Carlos Salinas, who went on to win the PRI nomination and the presidential elections in 1988.

Mr Salinas' privatisations augmented the already considerable wealth of council members. They in turn repaid the president's favours in kind. At a dinner which became known as the

"billionaires banquet" in 1993, Mr Salinas asked the 30 richest men in Mexico to contribute \$25m each to the ruling party's coffers. While some businessmen balked at the figure, others pledged much more.

Traditionally, the Mexican Council of Business Men meets the president twice a year, and cabinet secretaries on a monthly basis. But during the Zedillo administration, the council's influence is believed to have waned. "Top chief executives have developed their own personal relations with government ministers, and this has robbed the council of some of its clout," says Mr Enrique Quintana, an economic columnist at Reforma, the Mexico City newspaper.

Mr Clariond, whose steel group IMMSA was recently floated on the New York



Salinas favours

Stock Exchange, is a controversial figure in the business community and was not the first choice to succeed Mr Claudio González, chairman of Kimberly Clark de México, as president of the council. Mr Clariond is understood to have accepted the nomination only after Mr Fernando Senderos of the industrial conglomerate Desc, rejected the offer to lead the council.

Last month, Mr Clariond welcomed President Ernesto Zedillo to Monterrey with a blunt critique of the government's monetary policy. Mr Clariond also complained about the appreciation of the peso, which is hurting steel exporters such as himself. His outspoken comments caused a minor scandal, as Mexico's timorous business leaders rarely criticise the government in public, and never before the president.

Iranian exiles urge hard line against Tehran

By Bruce Clark in Denver

Hundreds of Iranian exiles, bashing drums and sporting sashes in their national colours, rallied outside the Colorado state legislature yesterday in a well-drilled protest against the Tehran regime.

"People yes, mullahs no, they are terrorists, they must go," the protesters shouted in an effort to persuade the eight heads of government conferring in Denver to take a tough line with Iran.

The demonstration by the National Council of Resistance, a Paris-based coalition of Iranian dissidents, lent one of the few notes of passion to a "summit of the eight", which has been longer on ceremony, and a certain smugness, than on real emotion.

President Bill Clinton has singled out Denver, with its booming high-tech economy, as an example of the flexible, export-led economic performance that all other countries attending the summit should emulate.

But he is expected to have a harder time convincing the visitors to follow the tough US stance towards Iran. West European governments have argued that President-elect Mohammed Khatami should be given a chance to show his moderation, while President Boris Yeltsin has never been convinced of the case for treating Iran as a rogue state.

Members of Denver's Iranian community, which numbers several thousand, say the snow-capped peaks of the Rockies, visible

against an azure sky, remind them of the Alborz mountains outside Tehran – although Iran's ski resorts hardly match the sophistication of Colorado.

Yesterday's demonstration had a high-tech flavour of its own, in the form of satellite link-ups with similar rallies in Germany and Sweden, as well as the camps in Iraq, where the opposition movement claims to have tens of thousands of soldiers under arms.

The self-described National Liberation Army of Iran is reported to be fiercely loyal to Mr Maryam Rajavi, who has been named president in exile by the Paris-based dissidents.

The movement supported the 1979 Iranian revolution but broke with its religious leaders soon after they took power. Yesterday's rally commemorated a huge demonstration in Tehran in 1981, on which the regime's forces opened fire.

The National Resistance Council has friends in the US Congress, including Mr Gary Ackerman, a leading Democrat who addressed yesterday's protest, but it has always been regarded with some suspicion by the US administration because of its links with Iraq and its record of anti-Americanism in the 1970s.

But in one respect at least, the Iranian opposition movement is considerably more attractive to the US political mainstream than Iran's current masters. It claims that 35 per cent of its Iraq-based fighters and 70 per cent of its officers are women.

Conservationists are disappointed, but African nations argued a cull is needed

Why elephants may trumpet ivory trade vote

Tony Hawdus in Harare

The past fortnight's wrangling over whether to ease the ban on ivory trade has resulted in a blow for the conservationist lobby – but, arguably, a win for elephants.

The Convention of International Trade in Endangered Species (Cites), meeting in the Zimbabwe capital, voted to allow three African countries – Botswana, Namibia and Zimbabwe – to resume exporting ivory to Japan, from 1999.

Although Thursday's resolution in favour of downlisting the African elephant from Appendix I, which bans all trade, to Appendix II, which allows trade under quota and strict controls, secured the two-thirds majority needed, it is still opposed by conservation groups and by some western governments, most notably the US and Australia.

Greenpeace, the international environmental group, made no secret of its disappointment, noting: "Votes taken by secret ballot allow many countries who covertly supported this move to escape scrutiny from the public."



Ivory stockpiled in Zimbabwe: the convention voted to allow three nations to resume exports to Japan in 1999

Greenpeace apparently had the European Union, among others, in its sights. Although the EU was part of the working party that developed the eventual compromise deal, conference officials claimed that the Europeans abstained rather than taking a principled stand either way on the proposal.

The southern Africans argue that they have largely halted ivory poaching and, as a result, their elephant populations have grown significantly to the point where culling is necessary to prevent environmental degradation.

Why, they ask, should we be punished for managing our wildlife successfully?

They say that foreign exchange earned from elephant product exports will enable them to invest more in developing sustainable wildlife programmes.

The opponents argue that the Cites decision is a dangerous gamble that risks sending a signal to poachers throughout Africa.

"It is premature and reckless to renew this trade," said Mr Wayne Pacelle, vice-president of the Humane Society of the US. But the head of Washington's delegation took a more pragmatic view. Although the US had voted against the resumption of trade, people should not look at the proposal from a win or lose viewpoint. "We all now need

to work together for the benefit of elephants," he added.

Zimbabwe officials were delighted with the outcome, leading other mainly African delegates in celebratory singing and dancing after the results were announced. While Mr Gert Hanekom, Namibia's environment minister, said the vote was a victory for realism over emotion and sentiment.

But the Cites vote is no more than the first hurdle. The task ahead now is to secure international agreement on a strategy for controlling and monitoring the trade, which is not going to be easy, especially for Zimbabwe.

The director of the country's National Parks and Wild Life Management was recently sacked after being found guilty of irregularities surrounding the export of elephants to South Africa. The fact that both he and his deputy were suspended for nearly two years while the case was being investigated, leaving an acting director in control, underlines the difficulties that Zimbabwe could experience in seeking to satisfy stringent international controls in the export of ivory.

Le Mans 1997.



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NEWS: INTERNATIONAL

Banker levered into Thai hot seat

By Ted Bardacke in Bangkok

Mr Thanong Biday, president of Thai Military Bank, is to be Thailand's new finance minister. Government officials said yesterday that the 50-year-old banker was not the first choice but that several other candidates refused to take the post - held by six people in the past two years.

Thanong is the best we can get under the current constraints. He has had a successful career, is market-driven, conservative and has international exposure. And he is fully supported by the premier," said Mr Foonana Premnuch, deputy secretary-general to the

prime minister, General Chavalit Yongchaiyudh.

An associate of Mr Thanong said the new finance minister did not want the job and had intentionally left the country when it became clear that Mr Amnuay Viravan would resign from the post. But he was convinced to take the job as a result of his close ties with General Chavalit and the military establishment.

Analysts and associates of the charismatic Mr Thanong expressed concern that his political ties would make him unwilling to take on the vested interests dominating the Thai cabinet, although his smooth style may make implement-

tation of uncontroversial policies easier than under the tetchy Mr Amnuay.

There are also worries that since Mr Thanong comes from within the financial establishment and from a bank that has a high level of bad debt, he is unlikely to push for a big shake-up of the financial system, which economists say is necessary if Thailand is to defend its currency and avoid financial meltdown.

Market reaction to Mr Thanong's appointment reflected these opinions. The stock market rose 3.3 per cent on the back of large gains in the banking and finance sectors, as investors bet that Mr Thanong

might ease bad loan disclosure requirements and give financial institutions more time to make provisions for bad debt, which would help short-term profits.

But the Thai currency continued to weaken, with traders saying they believed such tendencies raised the risk of a forced devaluation. In the domestic market the baht closed at B26.20 to the US dollar, down from B25.93 on Thursday. Despite continual central bank intervention throughout the day, the currency closed well outside the bank's trading band. In the offshore market, the baht closed at B25.50 to the dollar, down from B25.10 on Thursday.

Mr Thanong, who has a doctorate from Northwestern University in the US and is also close to several big telecommunications conglomerates, is credited with bringing an air of professionalism to Thai Military Bank, which is 33 per cent owned by the Thai armed forces. But analysts say he reduced the bad debt ratio at the bank by pressing old debtors to pay up.

The local media are likely to revive unsubstantiated claims made by Mr Thanong's former deputy in 1996 that the new minister had engaged in irregular lending practices to military-dominated companies.

Nervous Malaysians set to ride the storm

How similar are the Malaysian and Thai economies? An accurate answer to this question is worth more than the proverbial \$64,000, concerns that Malaysia may yet go the way of Thailand have contributed to the loss of M\$76bn (US\$50bn) from the value of Malaysia's stock market so far this year.

A clear reading on Malaysia's vulnerability is, however, frustrated by numerous statistical lacunae and the fickle nature of sentiment. But a cross section of bankers, corporate leaders and stock market analysts say that while Malaysia's economy is in many ways sounder than Thailand's, a likely slowdown in growth late this year and in 1998 could uncover some unexpected fragilities.

"Malaysia is generally much sounder than Thailand. But this doesn't mean that we shouldn't be concerned at the problems that may emerge as Malaysia's economy begins to slow down some time late this year or next," said a top banker in Kuala Lumpur.

Pessimistic assessments often start with what appears to be a policy bind for the central bank, Bank Negara. The high interest rates necessary to defend the ringgit currency against attack from speculators appear also to be cooling investment in the manufacturing sector, the economy's main engine. The construction and property sectors are starting to slow, mainly because of curbs on lending for property and stock mar-

James Kynge reports on the economic and financial differences with Thailand

ket investments imposed by the central bank in April to avert a Thai-style asset bubble.

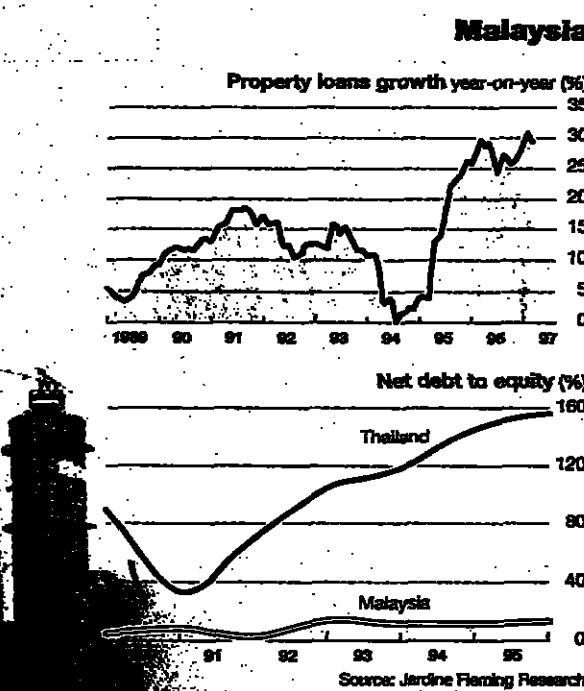
Some economists worry that the very policies intended to protect the economy could weaken it by driving down growth and worsening the impact of an expected property glut. Thailand's problems began when a slowdown in growth exposed the dangers of imprudent lending to highly geared property companies beset by oversupply.

"I think there will be a slowdown in private investment toward the end of the year," said Mr Neil Saker, regional economist at SocGen Crosby in Singapore.

Though it would be rash to construe a trend from just three months of data, a sharp fall in investment applications from both foreign and domestic sources in the first quarter of this year does provide pause for thought. Approvals fell by 51.5 per cent to M\$3.9bn, compared with the same period in 1996, official figures show. Approvals for the whole of 1996 amounted to M\$3.4bn.

The figures are reinforced by anecdotal evidence. "Now is the time to move into cash," said one chief executive officer of a large Malaysian infrastructure company. "The slowdown is coming next year."

Mr Azmi Wan Hamzah, chairman of Land and General, a diversified property company, said this year



would be characterised by the divestment of non-core investments and the closure or sale of activities with limited prospects. "Under the circumstances, it is difficult for me to drum up an upbeat forecast," he wrote in the company's annual report.

For Malaysia, which has notched up nine years of growth rates above 8 per cent, the prospect of a slowdown means facing the unknown. Many companies are geared for growth; they have ambitious fund-raising plans - which often assume a buoyant stock market - to

satisfy large capital outlays. But the stock market's retreat has already exposed unexpected weaknesses. Reacong, a large and diversified infrastructure company, found an elaborate method this month of disposing of M\$461m in unsold shares in the Cayman Islands, in an operation which analysts said betrayed the fact that it was short of cash. Ekran, the company leading the construction of a M\$13.6m hydroelectric dam, appears to be in financial trouble after its M\$1.46bn rights issue flopped this month.

Several other large initial public offerings, including those by Binarian, a telecommunications company, PLIN, a toll road builder, and KUB, which is to become an infrastructure-based conglomerate, have been postponed. Such fund raising delays may contribute to an investment slowdown, while a property glut expected some time in 1998 could depress real estate values, economists said. The large number of share warrants which come due in 1998 and 1999 could also strain company resources, they added.

Kenya plans tax cuts to encourage investment

Kenya plans to lower both corporate and personal tax rates during the 1997-98 fiscal year to encourage savings, investment and job creation, Mr Musalia Mudavadi, the finance minister, said on Thursday, AFP reports from Nairobi.

Corporate tax will be cut from 35 per cent to 32.5 per cent, while the rate for local subsidiaries of foreign companies will be 40 per cent instead of 42.5 per cent, according to the budget statement to parliament.

Mr Mudavadi - who read the budget

speech amid unprecedented shouting and booing by opposition members calling for constitutional reforms - proposed to increase the personal income tax threshold by 10 per cent to cushion low-income earners against inflation.

That will raise the threshold of monthly income subject to tax to KSh6,000 (\$123), in effect removing 152,000 people from the income tax net.

Customs duty for most industrial inputs in the 25 per cent tariff band will be cut to

15 per cent to reduce costs and encourage direct foreign investment, which, the minister said, will replace foreign aid in the next millennium. The government will liberalise the state-owned telecommunications and railway companies by opening them to private sector participation with a view to improving efficiency.

Revenue collection procedures will also be streamlined during the 1997-98 financial year to make tax evasion more difficult.

Mr Mudavadi said no new government

projects would be initiated during the next two financial years, as there had been an accumulation of incomplete and non-viable projects which have led to escalating public expenditure.

The minister said the government intended to keep the overall budget deficit at 1.7 per cent of gross domestic product, and priority would be given to improving and maintaining infrastructure, social services, primary education, basic and preventive health care and rural water supply.

8,500 media workers will be at the handover, to the discomfort of some in business

Hong Kong is braced for a press invasion

By John Riddling in Hong Kong

Hong Kong is bracing for an invasion. Not from the People's Liberation Army which is waiting to march south with the transfer of sovereignty, but rather from the international press corps, which will soon descend on the territory - possibly in greater numbers than the PLA.

At last count, earlier this month, some 8,400 reporters, technicians and assistants had applied for accreditation to cover the handover. More than 760 media organisations will be represented at the harbour-front press centre. The biggest parties come from Japan, the US and Britain, although China is not far behind with a team of more than 600.

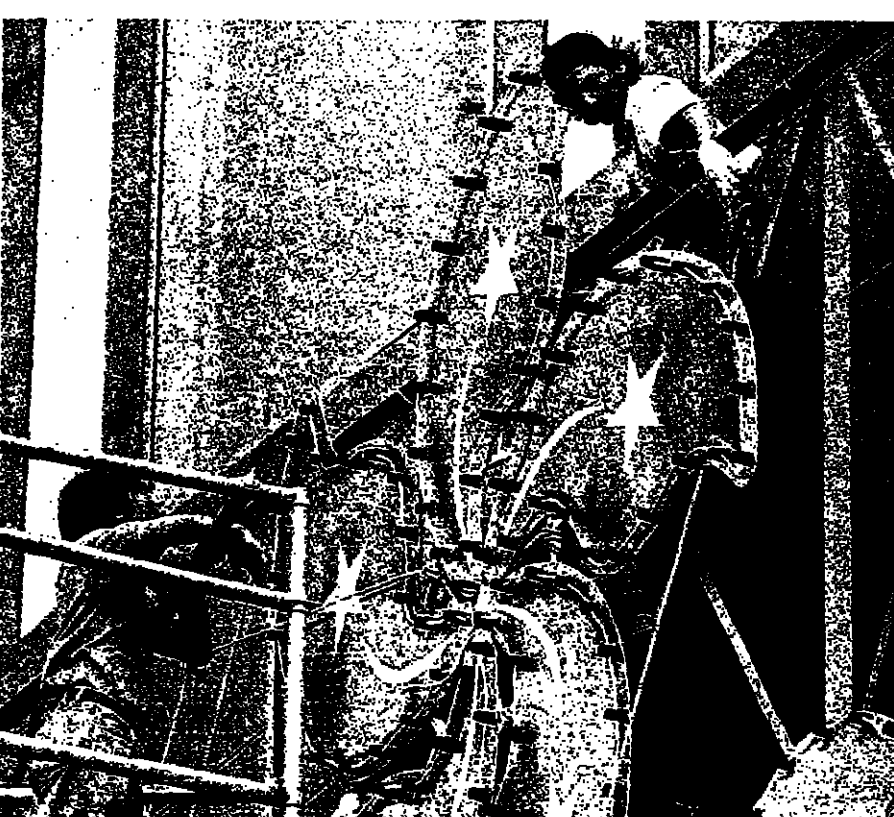
They come amid trepidation. Critics in the business community argue that the international media have given a distorted and over-pessimistic picture of the transfer of sovereignty. They worry that media attention will focus exclusively on demonstrations scheduled for the night of the handover. As the success of the handover hinges partly on perceptions and confidence, they argue, the press may itself play a part in the story.

"Journalists are like beasts, they need meat," says Mr Ronnie Chan, chairman of Hang Lung Development and a trustee of the Better Hong Kong Foundation, a business lobby group. "If they are not fed, they will find it."

Mr Tung Chee-hwa, the territory's future leader, has been among the critics. "To hear the Hong Kong story on the street in the west we are on the threshold of financial ruin, intellectual deficits, economic disintegration and losing all forms of civil liberties," he says.

The main concern is the impact in the US at a time of strains in its relations with Beijing and the annual debate over renewing China's Most Favoured Nation trading status. Although most expect MFN to be approved, China's handling of Hong Kong has become a serious issue in bilateral relations. The territory's politicians and business leaders fret that Hong Kong could become a political football between its two biggest economic partners.

"I am not so worried about fund managers in New York," says Mr Chan at Hang Lung. "They come here all the time so those guys are not going to be fooled. Washington DC is the problem. Many congressmen



Workers hoist the flower symbol of post-colonial Hong Kong as part of handover decoration on the Bank of China Tower in Hong Kong

are not pragmatic and may never have been here before."

Many will be coming for the handover. Those who do not will be able to watch live in the US, where the big networks are planning extensive coverage and the dispatch of their top anchors. But they reject concerns about their agenda. "We need to be careful not to simply report gloom and fear, because that is not the situation," says Mr David Boorman, executive producer of specials at NBC in New York. "The economy is doing

great and is getting better. On the other hand there are legitimate questions about daily life and social freedoms."

An executive at a rival network describes the handover as the biggest set piece event for years. "It has a lot of appeal - China's rise as a world power, democratic champions in Hong Kong, and British pagantry," he says. Critics of media coverage, he adds, have been blaming the messenger for the problems of the transition.

If the messenger is the

problem for some in Hong Kong and China, there is at least a choice. Mr Robert Chua, chairman of CCTV, a satellite broadcaster who has expanded his audiences on the mainland on a formula of "no sex, no violence, no news", has promised 30-hour, non-stop coverage of the handover ceremonies from June 30. Democrats will not get a look in, he says. "If you are watching a show and there is a fight in the audience, you go on watching the performance." Thatcher returns, Page 7

Weekend Section, Page IV

INTERNATIONAL NEWS DIGEST

Israel warned of uprising

The former military co-ordinator in the West Bank and Gaza has warned that unless peace talks resume and progress is made, there is a serious danger of an uprising in the occupied territories. Mr Oren Shashar, forced to resign after meeting opposition Labour party senior officials several months ago, was speaking after nearly a week of riots in the West Bank town of Hebron. Israeli soldiers shot and wounded at least 40 Palestinians yesterday, the fiercest day of clashes in a week.

"If we don't progress substantially with the negotiations, a match can light a fire which will spread quickly over all the territories," he told Israel Radio. His remarks coincide with growing pessimism among diplomats over the willingness of Mr Benjamin Netanyahu, the Israeli prime minister, to make some concessions in a bid to restart the talks, suspended in March when the government started building a new Jewish settlement at Har Homa in East Jerusalem.

Attempts by Egypt to mediate seem to be getting nowhere and European Union diplomats are increasingly sceptical over Washington's attitude towards the peace talks. Judy Dempsey, Jerusalem

Japan sees weaker economy

Japan's economy weakened after a tax increase in April, on the evidence of a decline in an important official indicator for that month, published yesterday. The Economic Planning Agency's coincident diffusion index, a basket of indicators of current conditions, fell to 10 per cent in April, the first time in eight months it came in below the 50 per cent dividing line between growth and decline. The coincident index stood at an unusually high 81.8 per cent in March, as consumer spending was artificially spurred by a nation-wide shopping spree to beat the tax rise.

The outlook is no better. The EPA's leading diffusion index, pointing to conditions six months ahead, fell from 36.4 per cent in March to a mere 5.6 per cent in April. This lends credence to most economists' belief that the Bank of Japan's latest quarterly survey of business conditions, the most authoritative guide of all to the short-term economic outlook, will show a decline in confidence when it is published next Wednesday. William Dawkins, Tokyo

Beijing housing protest

About 100 people protesting against housing policies staged a rare sit-in outside the headquarters of China's Communist party and government in Beijing yesterday. Dozens of police were standing around the protesters but did not try to disperse the group, who told passers-by they were angry over being forced to move from their homes.

It was the first time Chinese had staged a protest outside the Zhongnanhai government and party compound in the heart of Beijing since students demanding greater democracy held demonstrations outside the dark red walls of the compound in May and June 1989. Those protests were crushed by the army with heavy loss of life on June 3-4 1989. Reuters, Beijing

India eases investment abroad

India's finance ministry yesterday announced measures to assist Indian companies investing overseas in an effort to help the country towards full rupee convertibility on the capital account. The ministry said companies raising funds through Global Depository Receipts or equity offerings overseas could use up to 50 per cent of the value of the offering through investment in foreign ventures.

At the same time, the central bank will be permitted to approve overseas investments valued at up to \$15m, up from \$10m. The move is aimed at allowing more investment outflows while ensuring the rupee remains relatively stable.

Analysts say with healthy foreign exchange reserves of \$23bn, the slightly increased outflows were unlikely to unsettle the rupee or damage exports. The initiatives are aimed at encouraging Indian companies to gain market share abroad and lay the groundwork for capital account convertibility. Khazem Merchant, New Delhi

Mexican union chief ill

Mr Fidel Velázquez, 97-year-old leader of Mexico's biggest union group, the Confederation of Mexican Workers, has gone into intensive care at a Mexico City hospital. He had been ill for most of the year. Mr Velázquez, who has headed his organisation for half a century, has long been a linchpin of support for Mexico's ruling Institutional Revolutionary party. Daniel Dombey, Mexico City

Mainland money lifts shares

By John Riddling

Hong Kong investors yesterday demonstrated strong confidence before the territory's return to Chinese sovereignty next month, pushing the stock market up by its biggest daily points increase to a record close.

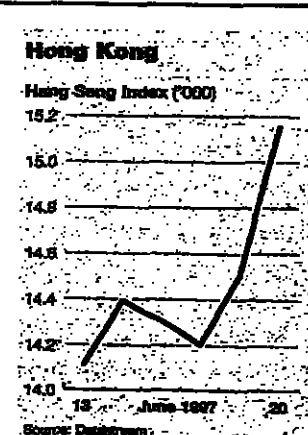
The sharp increase was prompted by several factors, including lower fears about government measures to curb property prices and speculation that China-backed companies would buy strategic stakes in Hong Kong businesses.

The Hang Seng Index closed at 15,154.36, a rise of almost 650 points or 4.47 per cent. Turnover was also a record at HK\$26.48bn (\$3.4bn).

"After the big rise on Thursday no one believed the market could go up by more than 600 points today," said Mr Howard Gorges, vice-chairman of South China Brokerage. "The important sectors all had a strong day."

Several brokers said the rally reflected an expectation that China would ensure a strong stock market during the transition period. "They have a lot of political capital tied up in a successful transition and a feel-good factor," said the chief market strategist at a US investment bank. "It seems clear that there is a lot of mainland money in the market."

The banking sector was lifted by reports that a mainland company was consider-



Source: DataStream

ing buying a stake in Hang Seng Bank, a subsidiary of Britain's HSBC Group and one of Hong Kong's biggest banks.

Chinese companies have bought stakes in strategic British-controlled companies before the handover, but HSBC yesterday dismissed speculation about its Hong Kong subsidiary.

A statement from the group said there were no negotiations or agreements relating to a change in Hang Seng Bank's shareholding structure, dismissing market speculation. However, shares rose by more than 13 per cent to HK\$109.50, underpinning a rise in the financial sector.

Property companies also saw a sharp increase as the government signalled it would concentrate on supply-side solutions rather than tough tax measures to cool the territory's real estate market. Property companies, which account for more than 40 per cent of the stock market capitalisation, have been hit over recent weeks amid suggestions that the government might impose a capital gains tax or other fiscal measures on real estate transactions. Stock markets, Page 21

New opposition leader William Hague appoints Cecil Parkinson as party chairman

Thatcher's ally to help rebuild Tories

By John Kampfner,
Chief Political Correspondent

Mr William Hague, the new Conservative leader, yesterday gave the task of rebuilding the party to one of Lady Thatcher's most trusted lieutenants, Lord Parkinson.

The return of Lord Parkinson to the Tory chairmanship, a post he held in 1981-83, was the first of five top posts announced by Mr Hague on his first day in charge.

In a step towards healing rifts that widened during the acrimonious two-week leadership contest,

Mr Hague persuaded four of his five original rivals to join his shadow cabinet.

Mr John Redwood accepted the job of shadow trade and industry secretary, a move that could help defuse tension following his ill-fated one-day alliance with Mr Kenneth Clarke on Wednesday. He described it as a "very decent offer" which would have been "churlish" to reject.

Mr Michael Howard, former home secretary, and Mr Peter Lilley, ex-social security secretary, were appointed shadow foreign secretary and chancellor respectively.

These choices were expected, as the two supported Mr Hague after withdrawing early on. Mr Stephen Dorrell, who endorsed Mr Clarke, was given the education and employment portfolio.

The initial appointments appeared to confirm predictions of a Eurosceptic tilt. However, senior aides of Mr Hague said the full shadow frontbench list, to be announced today and tomorrow, would reflect a balance.

Among those tipped for senior positions are members of his campaign team such as Mr Michael Ancram, Mr Francis Maude, Mr

James Arbuthnot and Mr David Willetts.

The shadow cabinet will, nevertheless, represent a shift away from the one-sided politics of Mr Clarke and Mr Michael Heseltine, who have retired from the front line.

Mr Hague will today begin the task of reviving party morale in Scotland where there are now no Tory MPs. He will hold meetings with activists in Glasgow and Edinburgh. Aides said he wanted to show there were "no no-go areas" for Tories.

The legacy of Lady Thatcher,

who came to Mr Hague's support at the last moment this week, was evident in the controversial appointment of Lord Parkinson.

A dapper figure, popular among diehard Tories, he was forced to resign as trade and industry secretary in 1983 after revelations of an affair and a child with Miss Sara Reays, his secretary.

Appearing outside Tory headquarters with Mr Hague, Lord Parkinson said the offer had come as a surprise and that he would do it for "a couple of years". Hague loyalists described it as "the perfect blend of youth and experience".

Voices out of tune at Royal Opera

FT music critic Andrew Clark assesses the war of words at a national institution

The past week has been a double disaster for London's Royal Opera House. First came a demographic attack from Mr Chris Smith, the heritage secretary, who said it was "an exclusive place that only toffs go to". Then came the cancellation of a new production of Verdi's *Macbeth* - a victim of bad planning.

Thanks to a series of management and public relations blunders over the past 18 months the Royal Opera has turned into a soap opera.

Its chief executive, Ms Genista McIntosh, resigned in April after only four months in the post. Furthermore, many employees face redundancy next month when the building closes for redevelopment. Until Ms McIntosh's successor Ms Mary Allen arrives from the Arts Council in September, the ROH is being run by a public relations executive, Lord Chadlington, who became chairman of the board last autumn.

This unedifying spectacle comes as no surprise to seasoned Covent Garden-watchers. The underlying causes can be traced to the mid-1980s when the ROH raised seat prices to compensate for dwindling government subsidy. That was when the board turned its back on broad-based support. It decided that the best way to continue as an international opera house was to play the exclusivity card - and charge prices, currently up to £275, which only corporate subscribers or the rich could afford.

Such a policy can work when everything is going well. But when the going gets tough, you need friends - and the Royal Opera suddenly finds itself politically isolated. The mass of the ROH, people have the perception, not entirely borne out by the



Main players offstage at the Royal Opera House, currently playing the exclusivity card with top seat prices of £275

facts, that the ROH has become too expensive and that it has lost its place in the cultural life of the country. This is damaging not just to the ROH but to opera throughout the UK.

Lord Chadlington pointed out this week that the £275 seats subsidise those priced at £10. There is logic to his argument, but the consequences are that the audience becomes too divided, the house's focus is lost. Most of those in the good seats are there not because of commitment to the art form or loyalty to the ROH, but because their employer paid for the tickets. In the



long run, a "dead" audience is bad for artistic health.

If the UK wants an international opera house, it has to find a way of paying for it. The present system combines the worst of both worlds: it is underfunded and overpriced. The company's problems are not just the result of bad decision-making; they have been caused by technical inadequacy and outmoded working practices.

These have been allowed to continue because successive Tory governments refused to help. No other European country would tolerate such a shambles.

The heritage secretary's first target for reform must be the board, which has neither raised enough money nor exercised a proper supervisory function.

An extreme option would be to privatise the ROH: the UK tax system may not encourage private donations on US lines, but if the entire board consisted of wealthy individuals, as at the Metropolitan Opera, short seasons of opera and ballet would be possible. No one could then accuse the very wealthy Ms Vivien Duffield, doyenne of the ROH board, of using her power to exert undue influence over policy.

The alternative would be a pared-down board from which major donors were excluded, but including representatives of musical and technical staff.

Mr Smith's comments about a "people's opera" betray a naivety about how an opera house works. A true "people's" opera requires a majority shareholding by the government - and the ROH currently receives less than 40 per cent of its budget from the state.

Unless Mr Smith puts his money where his mouth is, Covent Garden could end up neither rich nor popular, but a beggar's opera.

Former minister faces perjury calls

By John Mason,
Law Courts Correspondent

Mr Jonathan Aitken, the former Conservative Cabinet minister, yesterday faced calls for his prosecution for perjury after he dropped his libel action against *The Guardian* newspaper and Granada TV.

The action was dropped after fresh evidence challenging the testimony Mr Aitken gave the High Court over his stay in a Paris hotel in September 1993. Evidence subpoenaed from British Airways concerning the movements of his wife Lolita appears to contradict Mr Aitken's version of events.

Mr Aitken had sued over the claims by the newspaper and the "World in Action" programme that he was financially dependent upon Saudi businessmen, pimped for them and was involved in secret arms deals while a minister. When he resigned as chief secretary to the Treasury in 1995 to begin the libel action, he announced he would rely upon the "sword of truth" to clear his name.

Mr Aitken was not in court when his lawyers announced he had dropped his action. Under an agreed settlement he will now be liable for the defence legal costs, estimated at £600,000. He faces a legal bill for his own costs of some £1.2m. On Thursday, Mr Aitken and his wife Lolita announced they were separating.

Mr Alan Rusbridger, the editor of *The Guardian*, said: "Jonathan Aitken seems to have impaled himself on the simple sword of truth. For three years he has lied to newspapers, lied to the cabinet secretary, lied to the prime minister and lied to his colleagues. Now he has made his fatal mistake by lying on oath to the High Court."

The fresh evidence emerged earlier this week, after Mr Aitken had announced he intended to call his wife and daughter to give evidence.

Mr Aitken had challenged claims the purpose of his trip to Paris was to meet a Saudi businessman whom he then allowed to pay for his room at the Paris Ritz.

Mr Aitken had said the weekend trip was a social one. He told the court his wife and daughter had travelled by ferry and train to Paris on the Friday and then on to Geneva. His wife had subsequently returned to Paris on Sunday when she paid the hotel bill, he had claimed.

However, *The Guardian* said evidence from British Airways records showed a Miss Lolita Aitken and a Miss Victoria Aitken had taken a direct flight from London to Geneva on the Friday Mrs Aitken had returned to London on a direct flight the following Monday.

UK NEWS DIGEST

Millennium chief named

The task of masterminding the £500m (\$857m) millennium exhibition at Greenwich has been given to Mr Peter Mandelson, the minister without portfolio.

Mr Mandelson, whose grandfather Mr Herbert Morrison MP was put in charge of the Festival of Britain celebrations of 1951, met staff of Millennium Central, the operating company, yesterday.

He told them the task was to ensure the exhibition was a thrilling event "which every child would beg their parents to take them to see". Mr Mandelson will be the sole shareholder in Millennium Central, which was taken under government control earlier this year in order to ensure the project's survival.

His appointment came the day after Mr Tony Blair, the prime minister, stepped in to save the exhibition. The troubled project, which features a huge dome at its centre, had faced a rising tide of calls from some politicians and parts of the media for it to be scrapped. One idea being mooted is to bring in a single leisure organisation, such as Mr Richard Branson's Virgin Group, to organise marketing of the exhibition. *Christopher Price, London*

MINING

Scottish colliery to close

The Coal Authority is to close Monktonhall colliery near Edinburgh, after receiving no satisfactory offers from potential operators. The mine has been maintained by the authority since April 23 when the operator, Monktonhall Colliery, was put into liquidation by Waverley Mining, following severe flooding.

The authority said one application to operate the pit had been "substantially incomplete" and it was decided to close the pit. An application on Wednesday from Caledonian Mining, a mine engineering company based in England, led to a meeting on Thursday, but the company decided yesterday not to proceed.

Monktonhall, mothballed by British Coal, was reopened in 1982 by a consortium of about 150 miners who each invested £10,000 (£16,500). In 1996 they were bought out by Waverley which gave each of them 10,000 unlisted A-shares, convertible in 1998 into ordinary shares. Waverley shares, which were then worth about £1, closed yesterday at 29p.

CONSUMER CREDIT

Card spending records 19% rise

Consumers cashed in their building society - mutually-owned home loans and savings institutions - windfall gains early last month, spending £4.55bn (£7.50bn) on their credit cards and another £3.65bn on debit cards.

The Credit Card Research Group, a payments industry lobbying and statistical organisation, said total spending on plastic cards topped £8.21bn in May, up 19 per cent from the same month of 1996. Spending in national retailers rose by 20 per cent to £4.86bn, while card payments for travel and entertainment rose only 17 per cent to £3.36bn.

The spending figures followed Thursday's announcement from the Bank of England that bank lending had soared to £9.2bn in May, fuelling fears of an inflationary boom driven by consumer borrowing.

CCRG said heavy credit and debit card purchases from household retailers, up 35 per cent year on year to £7.78bn, suggested consumers were reinvesting their gains from building society and insurance company conversions in their homes. *George Graham, London*

PUBLIC SECTOR PAY

Health staff reach settlement

A wage settlement was reached for 150,000 administrative and clerical staff in the National Health Service yesterday which will give them pay bargaining parity with the nurses and doctors who are covered by public pay review bodies.

This is the first public sector wage deal made since the election of the Labour government on May 1. Under it, staff are to receive a 2.5 per cent rise in their pay backdated to April 1996. They secure a further 2 per cent from this April and a further 1.3 per cent from December 1997, resulting in a 4.11 per cent overall rise in pay over an 18 month period.

Mr Frank Dobson, the health secretary, who has pledged to be tough on pay, said he was "very pleased with a tough but equitable settlement". Negotiations are due next week for health service ambulance and ancillary workers as well as professional and technical staff. The unions are expecting a similar pay agreement for these groups. *Robert Taylor, London*

OFFSHORE SERVICE

Jersey base for Scottish bank

Royal Bank of Scotland International is to enter the offshore private banking market with a new service based at its Jersey headquarters.

Aimed at high net-worth individuals who will be required to maintain a minimum balance of £100,000 (£165,000), the scheme offers personal service and a comprehensive range of advisory facilities.

Some of the latter will be outsourced to specialist companies, including Ernst & Young (taxation), Morley Consultancy Services (property) and Good Health (insurance). Aimed at expatriates, non-British nationals and non-Britons working in Britain, the private banking operation will start on July 1. *Philip Jeanes, Jersey*

DEFENCE MINISTRY

FT writer appointed adviser

Bernard Gray, defence correspondent of the Financial Times, has been appointed special adviser to Mr George Robertson, the defence secretary.

Mr Gray, who will take up his post early next month, will advise Mr Robertson on the government's strategic defence review and the continued restructuring of the UK defence industry. Mr Gray will work alongside Mr Alasdair McGowan who was research assistant to Mr Robertson in his previous job as shadow Scottish secretary.

US-style entertainment complex to be launched

Cinema ticket sales drop 17%

By Alice Rawsthorn

The US-style of multi-purpose entertainment complexes is to be imported into the UK by Screen Works, a Dutch investment consortium, which plans to open a chain of cinemas complemented by shopping and sports facilities.

The first Screen Works centre is scheduled to open in Haregeest next summer and will encompass a multiplex cinema, equipped with technology developed by LucasFilm, a company owned by Mr George Lucas, the *Star Wars* director, together with shops, a gymnasium, restaurant, swimming pool, a nightclub and a creche.

Screen Works plans to open a similar complex based around a 10-screen multiplex at Pontefract in West Yorkshire, followed by another between Skipton and Keighley in North Yorkshire. It intends to establish a chain of 15 centres, each of

which could cost up to £20m, over the next six years.

Mr David Hapworth, managing director, said the complexes will be aimed at 16 to 30-year-olds, who represent the majority of cinema-goers. He added that Screen Works' strategy was to present consumers with a "fresher, more relaxing, fun and imaginative" alternative to conventional cinemas.

The Screen Works concept is based on the new cinema, video game and retail complexes, known as "location-based entertainment centres", found in the US.

GameWorks, a joint venture between Sega and DreamWorks, the North American entertainment groups, and Sega, the Japanese video games company, hopes to open 36 such complexes there by 2000. Walt Disney, the US entertainment concern, has plans to develop its own chain.

In the UK, other companies are expected to follow Screen Works by launching

multi-purpose entertainment centres as part of the expansion of the cinema market.

Warner Village, a cinema chain owned jointly by Time Warner, the US entertainment company, and Village Roadshow, the Australian media group, will on Monday unveil proposals for a £35m cinema with 33 screens at Battersea Power Station in south London. The cinema will be part of a complex composed of hotels, theatres, shops and restaurants.

A businessman who spent £1m (£1.65m) on a theatre to help his home area's cultural development has been rewarded with the news that it is to become the English Shakespeare Company's national base.

Mr Karl Watkin, a millionaire who started north-east England's self-help Manufacturing Challenge campaign, bought Newcastle's Victorian Grade One listed Tyne Theatre and Opera House from administrators Coopers & Lybrand in late 1995.

UK cinema attendance fell by nearly 17 per cent in the first quarter of this year, according to official figures, reflecting a dearth of blockbuster movies.

In spite of an increase in the number of screens, admissions fell to 24.7m in the first quarter, from 28.5m in the same period of 1996, while gross box office takings slipped to £85.1m (£140.4m) from £96.1m, according to the Office for National Statistics.

The market rebounded in the second quarter when the reissued *Star Wars* trilogy, *Romeo & Juliet*, *Liar Liar*, *Space Jam* and *Scream*, performed strongly at the box office.

Cinema operators also have high hopes for the coming quarter. *The Fifth Element* and *Com Air*, the first summer blockbusters to open in the UK, are already faring well at the box office. Other prospective hits - *Batman & Robin*, *The Lost World* and *Men in Black* - will open in coming weeks.

The cinema market has expanded fairly steadily since the mid-1980s, when the first US-style multiplex complex opened in the UK. The number of screens has since increased from 1,355 in 1985 to 2,222 last year, according to Dodona Research, and admissions have nearly doubled from 72m to 132m.

One of the most aggressive investors in Warner Village, the 17-screen chain owned jointly by Time Warner of the US and Australia's Village Roadshow, on Monday it will unveil proposals for a £55m megaplex cinema with 32 screens at Battersea Power Station in south London.

The opening of new multiplexes should ensure that attendance continues to increase for the rest of the 1990s, but the depressed first quarter figures illustrate the cinema market's volatility.

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COMMENT & ANALYSIS

FINANCIAL TIMES

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Saturday June 21 1997

The mixture as before

The departure of Mr Kenneth Clarke to the backbenches after his defeat at the hands of Mr William Hague in the Tory leadership contest coincided this week with a raft of economic statistics that reflected interestingly on the former chancellor's tenure at the Treasury.

On Wednesday, the official figures for last month's high street sales showed consumers in their most buoyant mood since the peak of the Lawson boom in 1988. On Thursday came figures for the money supply and bank lending which suggested that liquidity was swelling through the economy rather faster than expected.

Just to round off the picture, analysts at BZW revised upwards their estimate for the proceeds of demutualisation windfalls from £21bn at the start of the year to £24bn. That reflects the bubble in financial shares, which has looked increasingly like a forward indicator of overheating in the real economy.

The verdict must be that Mr Clarke fits all too neatly into the pump-prime tradition of such earlier Tory chancellors as Maundling, Barber and Lawson. The post-electoral hike in interest rates has already been put in train. But the message this week is that there will be more pain to come – and probably more than most yet expect. The case for gloom should not be overdone. The global capital markets now provide a more effective thermostat control on bad policy than in the past. Mr Clarke's inflationary legacy will thus be a modest one compared with those of his predecessors and the remedial plumbing will be commensurately less painful.

Excess demand

The figures for broad money (M4) in May took the City by surprise, but these numbers are prone nowadays to greater volatility because of the workings of the new gilt repo market. There is just a chance that June numbers may paint a less worrying picture.

Yet the symptoms of excess demand in the economy are pretty unmistakable. And with around 25 per cent of building society windfalls being cashed in compared with earlier official assumptions of 10 per cent the point is further underlined.

It is clear by now that asset price inflation in housing and in the stock market is having the usual wealth effect. This causes mortgage lending to increase,

while consumer credit expands simultaneously as people furnish new homes. The next stage in the process is a deterioration in the external account, as demand outstrips domestic supply. Once that inflationary safety valve provided by the balance of payments is exhausted, the general price level soars.

The dilemma for policy is that the buoyancy is far from uniform across the economy. Not only are some parts still relatively weak; the appreciation of sterling is imposing an increasingly tight vice on the tradeable goods sector.

Inescapable price

Progressive rises in interest rates to damp down the consumer would increase the squeeze on manufacturing by encouraging short-term capital inflows and further sterling strength. Any budgetary tightening that took money out of the corporate sector would make matters worse for exporters and limit the scope for an upturn in business investment. Yet this is the general expectation of how policy will evolve.

There is no painless way out when the policy errors have already been made. The overvaluation of sterling is part of the inescapable price that has to be paid. What makes it worse for the new chancellor, Mr Gordon Brown, is that Labour's pre-election commitments threaten to prolong the agony.

The priorities, when confronting an economy that is overheating in this way, should be to curb spending rather than saving, and to target the personal sector rather than the corporate sector. Yet by ruling out any room for manoeuvre on income tax the government has removed one of the simplest and most equitable measures for calming frenzied consumers.

All the leaks, meantime, suggest that Mr Brown is keener to remove the ACT tax credit, a measure which will ultimately impose costs on companies, than to abolish the ill-conceived mortgage tax relief.

When it meets after the Budget the problem for the Bank of England's new monetary policy committee will be to decide how big a pre-emptive strike to go for. When domestic consumers and foreign investors have the bit between their teeth, the risk is that an incremental tightening over several months will fail to change expectations. At this stage in the cycle, both electoral and economic, it is right to err on the side of toughness.

Mr Bernard Arnault is nothing if not a cool customer. Yesterday of all days one might have expected the LVMH chairman to be lashed to the controls of his French luxury goods flagship, masterminding the next phase in the escalating battle over the proposed £23.8bn (\$14.5bn) merger of the UK's Guinness and Grand Metropolitan.

Instead, he was in the United States, where emigrated temporarily after the Socialists came to power in the early 1980s, engaged in what a confidant described as a "good piece of corporate husbandry".

But then this 48-year-old is no stranger to corporate power struggles. Over nearly a decade at the top of the none-too-gentlemanly world of French business, he has frequently displayed a finely developed sense of when to bide his time – and when to pounce.

"I regard myself as an industrialist," Mr Arnault says. "What interests a lot of economic journalists is movement, when you buy something. But if I have been in all these rapid moves, it is with an industrial target. What interests me now is to manage, if I can, the industrial future of LVMH for the next 20 years."

Born in Roubaix, an industrial town in northern France, where he began his career with Ferret-Savinel, the family construction and property business, Mr Arnault first came to international prominence in the late 1980s. That was a period of turbulence at LVMH, the product of the then recent merger of the Louis Vuitton and Moët-Hennessy groups.

This week's events have also been unsettling. Markets appeared surprised by Mr Arnault's raid, which saw LVMH spend well over £800m to acquire a 6.29 per cent GrandMet stake, thus becoming the UK group's largest shareholder. Investors punished the move on Thursday sending LVMH shares down FF746 (\$7.50). One broker warned that investors did not like the company's "cavalier attitude". However, confidence returned yesterday and shares rose FF770 to end the week at FF71.53L.

But whether or not it was appreciated by his shareholders, Mr Arnault's move has certainly raised the stakes in the battle over the Guinness/GrandMet merger. The deal was originally announced by the two companies on May 12 and would create the world's largest spirits and wines group, to be known as G&M Brands.

Mr Arnault, a Guinness board member, had already voted against the plan, proposing instead that the drinks interests of all three companies be merged and the food businesses spun off. This would imply splitting LVMH's drinks business from its luxury goods interests, which many analysts favour. Mr Arnault has for years dreamt of

Man in the News • Bernard Arnault

A captain used to storms

The LVMH chairman has proved himself equal to a fight, says David Owen



forming a wine and spirits group first with Guinness, then with Guinness and GrandMet.

LVMH had also subsequently threatened to end joint ventures with Guinness seen as central to the new group's success, claiming the merger would allow it to terminate joint distribution in France, the US and Asia. It threatened too to exercise rights to buy back Guinness's 34 per cent stake in Moët-Hennessy, its drinks subsidiary, at a discount.

Mr Arnault last month told the group's annual meeting in Montparnasse he would finance the buy-back by issuing debt. "Analysts sometimes criticise us for not being indebted enough [at a time when interest rates are low]," he said.

He last week started arbitration proceedings at the Paris-based International Chamber of Commerce, an independent body for arbitrating commercial disputes, to determine whether the merger would constitute a "con-

trol event" under the terms of various agreements between the two companies.

If the ruling went in his favour, the door would be open for LVMH to end these links with a company in which it remains the largest shareholder with a 14 per cent stake and with which its formal relationship began nine years ago.

Although the formation of G&M Brands is structured as a Guinness takeover, Mr Arnault sees it as a GrandMet bid, in which the latter company emerges with the most important jobs.

The LVMH chairman's latest gambit is being widely seen as an attempt to increase the pressure on the two UK companies at least to present shareholders with a choice between their proposed merger and his preferred *menage à trois* option.

By lifting LVMH's GrandMet stake to 10 per cent, as some observers expect him to do, Mr

Arnault could convene an extraordinary general meeting and put his proposals to the UK group's shareholders. Alternatively, the deal could be blocked outright if 25 per cent of the shares voted at a court-convened meeting to oppose it.

Soundings among big GrandMet shareholders this week indicated that some of them would be happy to entertain any alternative proposals that might be put forward by Mr Arnault. According to one of the group's largest shareholders: "Shareholders are very pleased to see the suggestion of a merger in international spirits because of the opportunity for cost savings. But if there was an alternative proposal... people would look at it."

A second shareholder says that, while he does not think Mr Arnault has a big enough shareholding to block the merger, "if he has a big enough stake, then any proposals from him will be

listened to". A third says he is not convinced about the benefits of the present proposals. He expresses concern that GrandMet shareholders might see the strong growth prospects of the group's Pillsbury food business in the US diluted by the slower-growth Guinness spirits business.

This is all a long way from when Mr Arnault was originally brought in as an important new LVMH shareholder along with Guinness, the UK drinks group with which relations have now soured. He had assumed the chairmanship within a year, displaying what one observer described at the time as a single-minded determination and ruthlessness.

But he did not assume unchallenged power over the extraordinary collection of brand names in the LVMH stable – Christian Dior, Moët & Chandon, Veuve Clicquot and Guerlain – for another two years.

Ironically, Mr Arnault had originally turned towards the current LVMH chairman as a potential ally in his own power struggle against Mr Alain Chevalier, representative of the Moët-Hennessy camp. As Mr Arnault once observed: "Seizing opportunities is a key to success in business."

Since the conclusion of that epic struggle, the slim, rather austere-looking Mr Arnault has turned LVMH into one of the select group of large French companies to be widely regarded as well managed by Anglo-Saxon analysts. As of last September, it had become the fourth-largest French company by market capitalisation, ahead of industrial giants such as Saint-Gobain, the glassmaker, Alcatel Alsthom, the telecoms and engineering group, and Peugeot-Citroën, the carmaker.

Whether or not he eventually gets his way over the planned Guinness-GrandMet merger, Mr Arnault's track record suggests he is unlikely to give up lightly.

The battle comes hard on the heels of two other high-profile disputes. One, over LVMH's acquisition of a majority stake in DFS – one of the world's biggest duty-free shopping chains and representing a dramatic extension of its retailing activities – appears to have been resolved, at least for the time being. In March the company abandoned its bid to acquire the outstanding shares held by a minority investor. The other, over the group's attempt to take control of Chateau d'Yquem, producer of arguably the best white wine in the world, looks set to drag on.

Many company chiefs might by now be showing signs of battle-weariness, but Mr Arnault is evidently made of sterner stuff. As a number of former adversaries might bear witness – and Guinness and GrandMet may be about to discover – the LVMH chairman is a formidable and tenacious adversary.

LETTERS TO THE EDITOR

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We are keen to encourage letters from readers around the world. Letters may be sent to +44 171-873 3000, email: letters@ft.com. Published letters are also available on the FT web site, <http://www.ft.com>. Translation may be available for letters written in the main international languages.

Market forces not cause of poverty

From Mr Roger L. Markley.

Sir, In his Perspectives column (June 14/15), Joe Rogaly perpetuates some common fantasies that deserve, whenever they appear, to be roundly mocked. The headline, "Market victims who are free to be poor", gives a hint of the absurdity one encounters inside. Short of recommending a library of economic material for Mr Rogaly's enlightenment, one could just comment that, if he were correct and market forces create poverty while the socialist one he hints at creates wealth, the world would be a very different place from the one we can clearly see.

It has always mystified me how, even before the collapse of

most of the world's socialist command economies, anyone could believe that socialist policies could create and enhance progress and economic well-being in any way comparable to the free-market model. But now, with socialism completely discredited by its monumental and complete failure throughout the globe, how anyone can continue to have faith in such an absurd economic philosophy boggles the imagination.

Tell me, Mr Rogaly, of just one democratic free economy where I can find "pictures of skeletal children"? Perhaps the best way to illustrate the absurdity gushing from Mr Rogaly's column is to use his own words to explain

how we can find the road to paradise: "If the rich countries would just put their hands in their pockets, poverty could be eliminated."

I will look forward to a column in the FT explaining how the tooth fairy may soon rescue us from the next market correction. Mr Rogaly may be working on that now. On the other hand, Mr Jospin is prime minister of France. Perhaps it is I who should reconsider my scepticism about tooth fairies and socialism.

Roger L. Markley,
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France

Wider reach of tax change

From Mr Mark Evans.

Sir, Debate over possible changes to advance corporation tax has concentrated on the effects on pension funds. Former chancellor Norman Lamont's changes affected the tax credit that higher rate non-exempt investors were able to utilise and Gordon Brown's possible changes might be no different. In that case, Barry Riley would be incorrect to say that non-exempt investors would be unaffected ("Second thoughts on the dividend tax dangers", June 18).

Peps, too, would probably be caught and the change would be retrospective. If bank deposits and bonds are not similarly treated there would be a huge incentive to invest in interest-bearing securities and probably an increase in companies' gearing as debt becomes a cheaper financing medium. Riley is also unfair to index-linked gilts. The difference in yield to higher rate individuals is much smaller if tax benefits are taken into account.

Mark Evans,
14 Delvino Road,
London SW6 4AD, UK

A sporting talent not to be forgotten

From Mr Erik Graves.

Sir, While I commend the Financial Times' attention to the new professional women's basketball leagues, I must point out one error in your article "Women's basketball cock-a-hoop" (June 18). It states that baseball is the only other professional sport played in the

US during the summer months. In fact, between April and October we in the US enjoy watching a sport we call soccer.

The MLS (Major League Soccer) is in its second year, and is proving very popular. The league is mostly composed of home-grown talent, but other countries are represented as well. It has

been a long time coming, but the US now has a viable professional league for the world's favourite sport.

Erik Graves,
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Constraints that keep investment directed on home front

From Mr Aaron Smith.

Sir, Are we really expected to believe institutions don't invest enough abroad for reasons purely based on risk (Mastering Finance: "Why financial investors like to stay at home", June 16)? Indeed, there are two more glaring reasons why institutions

invest predominantly domestically – information and cost.

Institutions need information on the assets they own or buy. Information does not freely flow the globe and is most easily available in the country of origin. Hence investors concentrate their efforts domestically. Sec-

ond, the costs of dealing in each new market are considerable. One must find a reliable dealer, get to grips with local regulations and taxes as well as paying foreign exchange charges and coping with language barriers.

These reasons explain why the free-market model predicting

global diversification breaks down, rather than the argument that investors are consistently overestimating the risks of foreign markets.

Aaron Smith,
Queens' College,
Cambridge CB3 9ET, UK

India.
50 years of
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FT Survey of India, Tuesday, June 24.

As well as offering the postcard perspective, the survey includes a full analysis of India's economic, social, cultural and political situation, and a forecast for the future.

FINANCIAL TIMES
No FT, no comment.

27/11/97

Architect surveys the finished work

As Hong Kong is returned to China, Baroness Thatcher discusses its fate with Peter Montagnon and Andrew Gowers

I've never liked leasehold," says Baroness Thatcher. Perhaps consciously, the words carry an echo of her role in fostering Britain's home-owning democracy.

But the former UK prime minister is not talking about domestic property arrangements. She is pondering the fate of Hong Kong, and the Sino-British treaty she signed in 1984 returning the colony to China.

Had Britain held all the territory on a freehold basis, rather than a lease on all but Hong Kong Island and a sliver of Kowloon, it might now be a fully independent country, she says. It could be playing a role in the United Nations.

So the thought of what might have been will make the final lowering of the British flag in Hong Kong in 10 days' time a sad occasion for her. "We're handing over an absolute gem," she says, perched on an armchair in her elegant Belgraveia office.

She will be sad, but not despondent. Provided the new administration in Hong Kong rules with a light hand, she thinks the handover should go smoothly. The benefits that Britain brought to Hong Kong will endure, while China itself slowly becomes a more civil society - but only if China treads carefully and respects the law.

In Lady Thatcher's analysis there is not a trace of empathy with China's frenzied excitement at the recovery of its long-lost sovereign territory. Neither is she impressed by the efforts of Chinese

propagandists to portray the handover as redress for its humiliation in the opium wars of the last century. Instead, she implies, Mr Chris Patten, Hong Kong's last governor, has ensured Britain can leave with dignity. Mr Patten, she says, was right to introduce his democracy reforms after confidence was shaken by the Tiananmen Square massacre of 1989.

China, she maintains, broke its agreement with Britain by appointing a provisional legislature to replace the body elected under those reforms. "In our terms the provisional legislature is not within the [Sino-British] joint declaration."

Lady Thatcher is as responsible as anyone for the agreement, it was she, back in 1982, who broached the issue with China's late leader Deng Xiaoping, mindful of the lease's expiry in 1997. He responded, she recalls, with the proposal that Hong Kong could retain its way of life after its return to China - one country, two systems.

"New ideas are a rare currency in politics. If you can get a new principle, it unlocks all sorts of possibilities. Most certainly, he had that idea and knew the prosperity that would come about by a free enterprise system."

But she quickly realised the gulf between theory and practice. Dur-

ing the treaty negotiations, Deng demanded that she act to stem capital flight from Hong Kong. He could not understand that she had no power to stop it.

"I don't think if you have been brought up in a Communist or tyrannical system you fully understand the law, and what it is," she says. "They assume that, even though we have a different system, we have the ultimate power to override any other organisation."

So it is today with the handover. The existing law in Hong Kong, she muses, could appear very different when applied by people who were only used to running things in the Chinese way. In the long run, this may not matter because economic and political freedoms are indivisible and a fully market will eventually bring political freedoms too. But for the short run, she says, it is important that Mr Tung Chee-hwa, Hong Kong's incoming chief executive, exercises care.

"I hope that when they take over for the first weeks and months, they'll make a special point of governing with a very light hand, so that they keep the maximum freedoms. That will be the best wisdom, the best for the people of Hong Kong. It will also be best for China."

Does Mr Tung fully grasp this? She pauses in thought. "If I said it

like that to him, he would understand it in a technical sense," she ventures. "Whether he would understand it in the heart, I don't know."

Yet she is impressed by his decision to reappoint Mr Anson Chan - a great bulwark of freedom - as head of the civil service alongside all her other senior colleagues. "He knew and understood the full implications of that, not only the technical implications, but also the confidence implications."

She is also stout in her defence of Mr Patten's democracy reforms. Critics of them, such as Sir Percy Cradock, her former adviser and ambassador to China, were too preoccupied with China's response.

Mr Patten had to do something to reveal his sense of the times as head of the civil service alongside all her other senior colleagues. "He knew and understood the full implications of that, not only the technical implications, but also the confidence implications."

Now it is important to scrutinise the electoral arrangements that China makes for Hong Kong. "People who don't perhaps have the full democratic viewpoint are expert at seeking nice words to describe things which are less than

fully democratic. If you've got something nasty to get across, you put a nice cloak on it."

She approves of the decision by the US and UK - the "real defenders of liberty" - to stay away from the swearing-in of the provisional legislature. But would she be disappointed if France and Germany decided to attend? "Yes - the French in particular," she snarls.

Britain, she is confident, could not have obtained a better deal than it did in the handover negotiation. Now it is a question of assuming - and hoping - things will go well. "If they don't, I think the world would have to get together," she says. But on balance she is optimistic. "It's going to be all right. We're not dealing with a China of 20 or 30 years ago. We're dealing with a China that is coming up in economic freedom."

China must consider how it would stand in the eyes of the world if it came down to a heavy-handed fashion. "I don't think even a powerful country like China can ignore that."

The eyes of the world will be on Hong Kong. Moreover, Mr Tung lives there and knows what it is like. There is continuity in the civil service. Everyone in Hong Kong has known what it is like to live with freedom of speech, freedom of religion and increasing rights to vote.

"You can't wipe that experience out as if it had never been. And it'll be up to China to prove that she can continue to give them as good a way of life."



Haig Simonian looks at a head-turning model from Mercedes-Benz

Stretched limousines or bright red Ferraris turn few heads among the burghers of Brussels. The Belgian capital's citizens are so inured to cavalcades of flag-carrying automotive exotica for the bigwigs of the European Union or top brass of Nato that they have long since stopped noticing most vehicles on their streets.

But a tiny new car just 3.5 metres long has been attracting attention all over town this week. For the next month, Mercedes-Benz, the German carmaker best known for its luxury limos, has chosen "the capital of Europe" to launch its new A Class, which goes on sale from October.

The dramatically styled A Class has stood automotive convention on its head by putting the engine under the driver's feet and raising the floor to give passengers a commanding view over other vehicles. Although shorter than a Volkswagen Golf, Europe's most popular car, it claims as much interior space as much larger vehicles while offering the comfort of a traditional Mercedes-Benz saloon, says Mr Dieter Zetsche, the company's board member for sales and distribution.

"It has enormous style and character, which will serve it well. But it may be just a little too challenging," says Mr Peter Schmidt, co-head of AID, a motor industry consultancy.

The early signs are promising: Mercedes-Benz says it has received up to 500 orders a day from German customers since it started taking reservations in May. Some 3,000 Italians have put down DM5,000 (£1,750) deposits to bag their place in the queue when sales start in October. And Mercedes-Benz workers, who are allowed to buy one cut-price company car a year and are well known for snuffing out a good buy, have ordered a 43,000.

Such figures have triggered speculation that Mercedes-Benz may have trouble meeting demand for the A Class, which at

A new shape for the future



Class act: the radical style of the A Class defies convention

DM30,000 will cost only 3 per cent more than a similarly equipped VW Golf. The company has set its sights high, expanding its plant at Rastatt in southern Germany to make 200,000 A-Class cars a year and building a factory in Brazil for an additional 70,000 or 80,000 units a year from 1999.

But the reshaping of Europe's small-car market, which has been literally taken to an extreme by the angular A Class, has been under way for some time. Once, small cars were cheap and cheerful, but not particularly sophisticated, comfortable - or safe.

Each country had its own icon: the Mini in Britain; the Citroën 2CV in France; or the original Cinquecento in Italy.

But sales of very small, and by definition cheap, cars drifted in Europe in the 1980s. From about 6 per cent of the market in 1980, the share of such vehicles dropped to 3.4 per cent a decade later as motorists traded up to the new, slightly larger "superminis" then being developed.

Others turned away when the choice and quality of smaller cars declined as manufacturers concentrated on larger vehicles.

That all changed in 1992 with the arrival of Fiat's second-generation Cinquecento and Renault's Twingo a year later. By the end of 1996, Fiat had sold about 880,000 Polaris-built Cinquecentos, while Renault managed 800,000 Twingos. In Germany alone, where much larger family saloons dominate the market, cars shorter than 3.7 metres had captured 5 per cent of sales, according to Mr Günter Hörmann, an automotive specialist.

Vehicles such as the Twingo showed that small cars could be stylish and sophisticated as well as economical. The Seat Arosa, launched earlier this year by VW's Seat subsidiary in Spain, includes as standard many features such as airbags, power steering and anti-lock brakes, which were once the domain of much bigger models.

Small cars have also rediscovered some of the flair that once made the Mini fashionable in

Paris. The Twingo's cheeky looks and flexible interior have made it as appealing to well-off town dwellers as to impecunious country types. About two-thirds of Twingo owners have opted for better-equipped versions of the vehicle, including one-off "designer" models, notes Mr Patrick Blain, Renault's director of product marketing. Ford's curvaceous Ka, introduced last year, has tried to be similarly chic.

Growing environmental concerns, especially in green-minded continental European countries such as Germany and the Netherlands, have helped small cars make their comeback. Germany's motor manufacturers are racing to produce the first model which will use less than three litres of petrol per 100km travelled.

Adam Opel, the German subsidiary of General Motors, the world's biggest car company, claims the new three-cylinder engine in its small Corsa hatchback offers unprecedented fuel economy and emission levels.

Fuel consumption and pollution records could be shattered next year when the Smart, a plastic-bodied two-seater being developed by Mercedes-Benz and Switzerland's SMH watch group, best-known for the Swatch, takes to the roads. And a future version of the A Class may even use a hydrogen-based fuel cell.

But it is in flexibility that the A Class points most convincingly to the future. Car stylists have for some time been working to maximise interior space and carrying capacity in ever smaller packages. Last year, Renault's unconventional Mégane Scénic - a cross between a traditional lower-medium sized saloon and a multi-purpose "people carrier" - was voted European car of the year by a panel of leading motoring journalists, largely because of its innovative interior packaging.

The A Class looks set to win the coveted award this time round through its mixture of new technology and unconventional thinking. Small cars may never be the same again.

Hague's long haul

John Kampfner and James Blitz on the task facing the new leader of the divided and fractious Tories

The youngest leader of the UK Conservative party for 200 years intends to transform it for the next century by standing on the shoulders of two figures from the 1980s - Lord Parkinson and Baroness Thatcher.

The contradiction speaks volumes about the state of the Tory party only weeks after Labour's landslide election win.

Within an hour of victory on Thursday night, Mr William Hague pledged to revolutionise Conservative structures, policies and image. So daunting is the task that he has appointed Lord Parkinson, the man who steered Lady Thatcher to an election victory in 1983, as party chairman.

A case of back to the future? "This is the start of the post-Thatcher mission," says a senior party official. "What we want to do now is to apply her basic principles to new problems."

These, he says, include competition from medium-skilled, low-cost economies; a dependency culture in the UK; the benefits demographic timebomb and a protectionist and centralised Europe.

It will be a long slog to develop these principles into new policies. Mr Michael Aueram, former Northern Ireland minister and a close colleague of the new leader, admits that it could take the lifetime of this parliament to come up with a distinctive new package of proposals.

But what will woo the first-time voters of 1997, who flocked to Mr Blair and his slick message, over to the Tory fold by 2001 or 2002? Initial research from the May 1 election showed an increasing problem for Conservatives with young voters, especially women. Under Lady Thatcher and Mr John Major, the archetypal Tory conference-goer was the blue-rinsed "biddy" of the shires waving a Union Jack. It is not clear yet whether the likes of Mr Hague and Lord Parkinson can really make the Tories electable in the way that Mr Blair and Mr Peter Mandelson have done for Labour.

Says a former cabinet minister: "People showed at the last

Hague's long haul

John Kampfner and James Blitz on the task facing the new leader of the divided and fractious Tories

election they like the Tories in Tony Blair, but not the Tories. In opposition it will be easier for us to be liked as long as we stop arguing and sharpen our policies." But will "techno-Thatcherism" - as one Hague supporter calls it - deliver the goods?

So many articles of faith that set Conservatism apart from Labour have been co-opted and developed by Mr Blair. Planks of attack against the government on law and order, education standards, public spending and tax rates have been neutralised by the Tories' own record over the past 18 years. Mr Blair's assault on low standards of propriety in public life and his calls for political modernisation have struck a chord.

It is here that the choice of Lord Parkinson and the apparent reliance on the legacy of Lady Thatcher seem so curious. Lord Parkinson is best known to the public for having to resign over the acrimonious aftermath to his affair with Miss Sara Keays, his House of Commons secretary, who bore him a child.

Yet Mr Hague will ask Lord Parkinson to mastermind the transformation of the party. He wants structures streamlined and centralised, as Labour has done. "At the end of this whole process we may have replaced [Conservative] Central Office with a completely new organisation," Mr Hague has told colleagues. He believes there must be a national membership sys-

tem, with all funds going to a new national executive of the party. He also wants to reform the system under which parliamentary candidates are selected, giving the national leadership much more influence.

Four elections were won between 1979 and 1992, but at the grassroots the party was allowed to drift. Local organisations are now moribund in large swathes of the country; the average age of members is well over 60, and nobody knows quite how many there are. Mr Hague has promised that at least half the new members he will find over the next two years will be younger than him - 36.

But for all the grassroots changes and policy refinements, the media spotlight will remain focused on MPs and shadow cabinet members. "I did everything I could to persuade my colleagues to shut up about issues that did not come under their remit," says a former senior cabinet member. "The Labour lot listened to Blair and Mandelson. Our lot were not interested in self-discipline."

Mr Hague has warned his small and fractious bunch of MPs that he will brook no dissent. He will expect them - supporters of Mr Kenneth Clarke, the defeated leadership candidate, included - to toe the line on European monetary union. This attitude is intended to counter his image as inexperienced, and to set him apart from Mr Major's "fudged" approach.

These are bold words, but the Tories are not encouraging. Mr Major tried to win the last general election in spite of his MPs. Whenever Tory backbenchers or junior ministers reared their heads during the campaign, party fortunes plummeted.

The subsequent leadership contest was about personal hatreds and settling of scores. Differences on Europe, as the deal between Mr Clarke and Mr John Redwood demonstrated, were secondary. "At least we've managed to make our animosities non-ideological," says a former minister. "I suppose you could call that a start."

Jimmy Burns on the unique cultural identity underlying Barcelona football club's success

Homage from Catalans

No sporting motto is more appropriate than Barcelona football club's *Som més que un club* ("We are more than just a club").

The team are clear favourites to win the prestigious Spanish *Copa del Rey* next Saturday against Real Betis, and have already added this year's European Cup Winners' Cup to their panoply of trophies. Even though they failed to clinch the double - arch-rivals Real Madrid made sure of the league title last weekend - Barça are assured of a place in next season's lucrative European Champions League by finishing second.

It is the kind of success that most English Premier League clubs only dream of. And yet an air of uncertainty is sweeping through one of the world's traditionally most self-assured clubs.

Bobby Robson, Barcelona's English manager, is preparing for next week's match knowing that the pressures building around him ever since he began his two-year contract at the start of the season are reaching breaking point. A senior club official said this week that it was virtually certain Robson would lose control of team

matters next season to Dutch coach Luis Van Gaal, although no formal announcement would be made until after the cup final on June 28. It is likely he will leave the club.

It may be small consolation for Robson, but the Barcelona board members who have been undermining him behind the scenes now have their own futures on the line. Club president Josep Luis Núñez announced this week that he was bringing forward elections to the board by a year - to next month - in an attempt to settle internal divisions.

The causes of unrest range from negative comparisons between Robson's style of management and that of his predecessor, Johan Cruyff, to what fans perceive as Núñez's mishandling of the popular Brazilian star, Ronaldo, who yesterday paved the way for his move to Italian club Inter Milan by paying the Pta4bn (£27.4m) needed to secure his contract release from Barcelona. But the most immediate and widely felt source of grievance is Real Madrid's success in the league.

In any other country, Robson complained recently, he would be a hero. "But [at Barcelona] you have to win every game and be above the fray of football in the city."

Such sentiments serve as a reminder of Barça's unique political identity, which underlies its mass support and its financial success.

Founded in 1899 by a group of Swiss businessmen working in Barcelona, the club developed into a symbol of Catalan nationalism, taking its strength from the region's siege mentality during the repressive Franco years.

It has retained its Catalan identity, together with a certain collective fanaticism. "Barça is a complete way of life... the cause is strong in the head and in the heart and you are either with it or against it, instead of an army you have a football team," recalls former England and Barcelona coach Terry Venables, who has maintained an emotional attachment to the club.

Being more than just a club has assured Barça of its

self-proclaimed status as the biggest club in the world, with a global network of fans, one of the great cathedrals of football in the 120,000-capacity Nou Camp stadium, and a museum said to be one of the most visited in Europe.

"Barça is a very marketable product. Its mix of collective sentiment, history, and national identity is something that can easily be turned into profit," says Carles Tusquets, a senior banker and Barça supporter who has served as the club's treasurer.

One of the most ambitious building projects in Barcelona since the Catalan capital prepared itself to play host for the 1992 Olympics involves extending the Nou Camp complex, in time for the club's centenary. The Pta6bn project envisages a theme park, cinemas, hotel complex and shopping centre.

The club's accounts, due out at the end of this month, are expected to show a pre-tax profit of Pta2bn on turn-

over of Pta14bn (£94.5m). Television rights alone were worth more than Pta3bn last season; that figure could rise substantially if the team do well in the European Champions League next season. A further boost will come from off-season friendly matches and prize money if they beat Betis next week.

Barça has traditionally taken pride in its status as a non-profit association owned by its 104,000 members; any surplus is reinvested directly into the club. So far it has refused to be seduced by the stock exchange (like clubs in England) or control by a big company (as in Italy).

"England is showing that playing football on the stock exchange is a risky business. We could only contemplate flotation if we could guarantee a majority of the shareholding in the hands of genuine fans," says Jaume Pares, the club's senior administrator.

Barça has never been short of imagination, however, when it comes to raising revenues. Two years ago it set up a trust through which local companies can contribute on a regular

basis. Funds from the so-called *Fundación* are being channelled towards some of its less commercial projects, such as youth development and basketball.

The club has also been successful in developing its own players. But it is not immune from growing wage demands from top players - including one of its youngest home-grown stars Ivan de la Peña - in the wake of changes in the European transfer market and the loss of fiscal perks after reform of the Spanish tax system.

"We think we have the wage situation under control at the moment but it could become a problem for us in the medium to long term," says senior official Pares.

The Ronaldo situation is a case in point. Nervous of the forthcoming elections, the board had to balance the potential cost of revising his contract with the Brazilian's popularity among fans as leading goalscorer.

As former treasurer Carles Tusquets put it this week: "We may have several cracks [see players] in the team but Ronaldo is the crack above all others. We'd be mad to let him go too easily."

After yesterday's move by the player, that task will be more difficult.



Ronaldo, a favourite with fans, but likely to leave the club

India. years of off rule. measure results.

COMMODITIES AND AGRICULTURE

Zinc prices at highest for 7 years

By Susanna Voyle

Zinc prices moved to their highest level for almost seven years yesterday - breaking the \$1,400 a tonne level.

Traders on the London Metal Exchange said speculative buying had helped push the price through stubborn resistance. The metal - which is used to galvanise steel and alloyed with copper to make brass - has been underpinned this year by technical buying supported by falling inventory levels that hint at a supply-demand deficit for 1997.

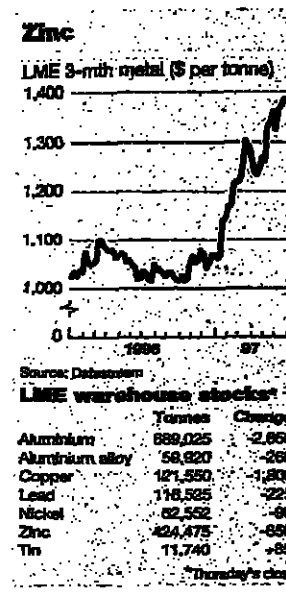
The LME price for three-month zinc peaked at \$1,405 a tonne, before settling back to close at \$1,399, up 8p.

"Sentiment continues to improve the longer Chinese zinc exports fail to materialise in Singapore on any significant scale," said Mr Alan Williamson, analyst with Deutsche Morgan Grenfell.

In the longer term, Goldman Sachs analysts say that the outlook for all the LME industrial metals remains positive. "As the expansion in Europe, Japan and the US continues, demand for base metals from the construction, automotive and aerospace industries should remain strong," they say.

With inventories at record lows and global demand strong, they forecast a 12-month return of 11 per cent for the sector.

Gold was "fixed" in London yesterday afternoon at \$338.20 a troy ounce - the lowest level since February. In the morning the precious



Source: Deutsche Morgan Grenfell
LME 3-month zinc (\$ per tonne)

Table with 2 columns: Metal, Price (\$ per tonne)

Aluminium	58,025
Aluminium alloy	58,025
Copper	121,550
Lead	121,550
Nickel	82,550
Zinc	139,900

metal was fixed at \$339.55, down from Thursday's afternoon level of \$340.20, and then lost more ground after New York opened.

"Gold continues to labour under the weight of negative sentiment built up over the past year," said Mr Larry Kaplan, metals analyst with Flemings. "It is difficult at the moment to see what positive drivers may enter the equation in the short-term to drive the gold price back up."

Crude oil prices on London's International Petroleum Exchange fell in afternoon trading, pushed down by price weakness in New York. Brent Blend for August delivery - the international benchmark - fell to \$17.50 a barrel at one point, a drop of 28 cents. However, prices rallied slightly in late trading to \$17.58.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Arrivals/Market Trading)

Table with 2 columns: Metal, Price (\$ per tonne)

Aluminium	58,025
Aluminium alloy	58,025
Copper	121,550
Lead	121,550
Nickel	82,550
Zinc	139,900

ALUMINIUM ALLOY (\$ per tonne)

Table with 2 columns: Metal, Price (\$ per tonne)

Aluminium	58,025
Aluminium alloy	58,025
Copper	121,550
Lead	121,550
Nickel	82,550
Zinc	139,900

LEAD (\$ per tonne)

Table with 2 columns: Metal, Price (\$ per tonne)

Aluminium	58,025
Aluminium alloy	58,025
Copper	121,550
Lead	121,550
Nickel	82,550
Zinc	139,900

NICKEL (\$ per tonne)

Table with 2 columns: Metal, Price (\$ per tonne)

Aluminium	58,025
Aluminium alloy	58,025
Copper	121,550
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COBALT (\$ per tonne)

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Lead	121,550
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Zinc	139,900

Precious Metals continued

GOLD COMEX (100 Troy oz: \$1000)

Table with 2 columns: Metal, Price (\$ per tonne)

Aluminium	58,025
Aluminium alloy	58,025
Copper	121,550
Lead	121,550
Nickel	82,550
Zinc	139,900

PLATINUM NYMEX (50 Troy oz: \$1000)

Table with 2 columns: Metal, Price (\$ per tonne)

Aluminium	58,025
Aluminium alloy	58,025
Copper	121,550
Lead	121,550
Nickel	82,550
Zinc	139,900

PALLADIUM NYMEX (100 Troy oz: \$1000)

Table with 2 columns: Metal, Price (\$ per tonne)

Aluminium	58,025
Aluminium alloy	58,025
Copper	121,550
Lead	121,550
Nickel	82,550
Zinc	139,900

SILVER COMEX (5000 Troy oz: \$1000)

Table with 2 columns: Metal, Price (\$ per tonne)

Aluminium	58,025
Aluminium alloy	58,025
Copper	121,550
Lead	121,550
Nickel	82,550
Zinc	139,900

CRUDE OIL NYMEX (1,000 barrels: \$1000)

Table with 2 columns: Metal, Price (\$ per tonne)

Aluminium	58,025
Aluminium alloy	58,025
Copper	121,550
Lead	121,550
Nickel	82,550
Zinc	139,900

CRUDE OIL NYMEX (1,000 barrels: \$1000)

Table with 2 columns: Metal, Price (\$ per tonne)

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Nickel	82,550
Zinc	139,900

CRUDE OIL NYMEX (1,000 barrels: \$1000)

Table with 2 columns: Metal, Price (\$ per tonne)

Aluminium	58,025
Aluminium alloy	58,025
Copper	121,550
Lead	121,550
Nickel	82,550
Zinc	139,900

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CRUDE OIL NYMEX (1,000 barrels: \$1000)

GRAINS AND OIL SEEDS

WHEAT COMEX (100 tonnes: \$1000)

Table with 2 columns: Metal, Price (\$ per tonne)

Aluminium	58,025
Aluminium alloy	58,025
Copper	121,550
Lead	121,550
Nickel	82,550
Zinc	139,900

WHEAT COMEX (100 tonnes: \$1000)

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Aluminium alloy	58,025
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Lead	121,550
Nickel	82,550
Zinc	139,900

WHEAT COMEX (100 tonnes: \$1000)

Table with 2 columns: Metal, Price (\$ per tonne)

Aluminium	58,025
Aluminium alloy	58,02

UNIT TRUSTS

WINNERS AND LOSERS

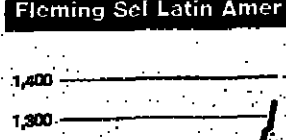
TOP FIVE OVER 1 YEAR

HSBC Hong Kong Growth	1,519
Invesco Hong Kong & China	1,461
Govett Greater China	1,358
Old Mutual North American Inc	1,343
Fleming Select Latin America	1,334

BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	380
Save & Prosper Gold & Exp	580
F&C Japanese Smaller Cos	625
Mercury Gold & General	666
Schroder Seoul	669

Fleming Sel Latin Amer



TOP FIVE OVER 3 YEARS

Hill Samuel US Smaller Cos	2,327
Proffitt Technology	2,271
PM North America Growth	2,250
Franklin Health	2,103
Jupiter European	2,032

BOTTOM FIVE OVER 3 YEARS

Old Mutual Thailand Acc	418
Save & Prosper Korea	523
Fidelity Japan Smaller Cos	539
Govett Japan Strategy	544
Five Arrows Japan Smaller Cos	559

Save & Prosper Korea



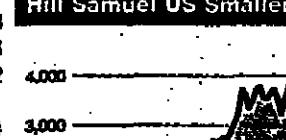
TOP FIVE OVER 5 YEARS

Gartmore American Emer Gth	4,128
Proffitt Technology	4,068
PM North America Growth	3,822
Hill Samuel US Smaller Cos	3,781
HSBC Hong Kong Growth	3,714

BOTTOM FIVE OVER 5 YEARS

Govett Japan Strategy	1,028
Barclays Uni Japan Inc	1,090
Friends Prov Japanese Sm Cos	1,110
Fidelity Japan Smaller Cos	1,120
M&G Japan & General Acc	1,153

Hill Samuel US Smaller



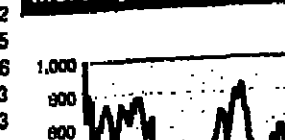
TOP FIVE OVER 10 YEARS

F&C US Small Companies	6,362
HSBC Hong Kong Growth	6,255
Hill Samuel US Smaller Cos	6,176
Gartmore Hong Kong	5,813
Franklin Health	5,103

BOTTOM FIVE OVER 10 YEARS

Waverley Australasian Gold	487
Barclays Uni Japan Inc	569
Mercury Japan	745
M&G Japan & General Acc	776
Allied Dunbar 2nd Smaller Co	806

Mercury Japan



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: Reuters Hindsight (01625 511311)

Indices

Average Unit Trust	1040	1291	1825	2254	3.2	2.5
Average Investment Trust	1112	1308	2108	2619	4.5	4.9
Bank	1033	1112	1297	1839	0.0	4.3
Building Society	1030	1111	1214	1842	0.0	4.0
Stockmarket: FTSE All-Share	1210	1621	2097	2748	2.5	3.5
Index	1026	1084	1128	1540	0.0	0.0

UK Growth

Johnson Fry Slater Growth	1254	1862	2386	-	3.3	0.9
Jupiter UK Growth	1044	1820	2822	-	2.9	1.8
Perpetual UK Exempt	1149	1735	2647	-	2.5	2.5
Credit Suisse Fellowship Inc	968	1652	-	-	2.8	1.1
Standard Life UK Eq Growth Acc	1111	1844	2128	2951	3.0	1.6
SECTOR AVERAGE	1084	1430	1878	2026	2.8	1.6

UK Growth & Income

Fleming Select UK Income	1240	1674	2147	2369	2.7	3.6
Perpetual Income	1151	1630	2242	2798	2.4	2.7
Fidelity UK Dividend Growth	1115	1594	-	-	2.4	2.2
Lazard UK Income & Growth	1134	1590	2000	2367	2.6	3.3
Co-op Pensions Equity Dis	1205	1585	1966	-	2.8	3.1
SECTOR AVERAGE	1119	1425	1828	2206	2.7	2.6

UK Smaller Companies

Gartmore UK Smaller Companies	1077	1817	2350	1910	3.4	0.3
Laurence Keen Smaller Cos	1043	1806	-	-	3.0	1.2
INVESTCO UK Smaller Companies	1228	1730	2519	1859	3.8	1.2
AES Smaller Companies	979	1708	2076	-	3.1	0.9
Britannia Smaller Co's Acc	1041	1657	2546	2110	3.2	0.4
SECTOR AVERAGE	967	1306	1947	1698	3.0	1.5

UK Equity Income

Jupiter Income	1118	1851	2253	-	2.7	4.0
Lazard UK Income	1128	1821	2160	2805	2.5	4.1
Royal Life High Income (Dis)	1168	1582	2038	2130	2.5	3.6
BWD UK Equity Income	1163	1571	2049	2408	2.8	3.4
Britannia High Yield Inc	1104	1555	2122	2858	2.4	4.0
SECTOR AVERAGE	1105	1388	1857	-	2.6	4.4

UK Equity & Bond Income

Cazenove UK Equity & Bond	1089	1428	-	-	3.0	6.1
Cler Mid Retirement Income Inc	1119	1410	1848	-	2.8	5.4
Proffitt Extra Income	1082	1401	1783	2080	2.2	4.3
Abbey National Extra Income	1184	1389	2075	2684	2.3	6.1
CIS UK Income	1128	1378	1784	-	2.2	4.1
SECTOR AVERAGE	1085	1284	1707	1910	2.1	5.4

UK Eq & Bd

BNP Balanced Portfolio	1144	1614	2281	-	3.0	1.4
Perpetual High Income	1147	1536	2316	-	2.0	3.2
Credit Suisse High Income Port	1082	1490	2135	-	2.4	4.3
Carillon Income Dis	1122	1439	1810	2015	2.0	3.4
Colonial Balanced	1136	1416	1921	-	2.4	3.8
SECTOR AVERAGE	1089	1402	1903	2127	2.3	3.1

UK Fixed Interest

M&G Corporate Bond	1167	1388	-	-	1.8	6.9
Abnvest Fixed Interest	1099	1320	2003	2444	1.7	8.0
Thornhill Preference Inc	1093	1312	1894	2267	1.8	8.3
Britannia Gilt & Fixed Int Inc	1084	1305	1375	-	1.8	8.1
Allied Dunbar Conv & Gilt	1072	1283	1586	1707	2.3	3.7
SECTOR AVERAGE	1081	1238	1488	1967	1.7	6.7

UK Gilt

M&G Gilt & Fixed Interest	1154	1347	1444	1911	1.9	6.4
Murray Acumen Reserve	1111	1293	1440	-	1.4	6.7
Gartmore PS Fixed Interest	1129	1288	1482	-	1.8	7.1
Schroder Gilt & Fixed Int Acc	1080	1256	1399	-	1.8	7.0
Midland Gilt & Fixed Interest	1081	1252	1403	1845	1.3	6.4
SECTOR AVERAGE	1072	1205	1363	1921	1.5	5.9

International Equity Income

GT International Income Inc	1105	1407	2173	2650	2.5	2.4
Martin Currie Int'l Income	1123	1388	1975	-	2.6	3.3
Dolphin Int'l Gth & Income	1076	1360	1934	1558	2.8	1.4
Mayflower Global Income	1079	1323	1925	2113	2.3	3.5
M&G International Income	1085	1286	2008	2545	2.3	4.2
SECTOR AVERAGE	1091	1304	1928	2118	2.5	3.0

International Fixed Interest

Baring Global Bond	1039	1258	1944	-	1.5	6.2
Old Mutual Worldwide Bond Inc	1123	1231	1506	-	1.8	5.0
Barclays Uni European Bond Inc	1083	1223	-	-	1.1	5.9
Mercury Global Bond Acc	970	1174	1483	-	1.6	4.8
TSB International Income Inc	986	1169	1435	-	1.8	4.7
SECTOR AVERAGE	1062	1093	1384	1670	1.9	5.3

International Equity & Bond

Bank of Ireland Ex Mgd Growth	1126	1476	2055	-	2.0	2.4
Fleming General Opportunities	1142	1379	1754	-	2.5	3.2
Newton Intrepid	1122	1374	-	-	3.0	1.3
Carillon Portfolio	1046	1374	1938	-	1.9	2.1
Baillie Gifford Managed	1089	1372	1911	2618	2.3	2.8
SECTOR AVERAGE	1082	1277	1717	2208	2.2	2.4

International

Proffitt Technology	907	2271	4085	4590	6.8	-
Franklin Health	845	2103	2808	5103	7.2	-
Save & Prosper Financial Secs	1307	1868	3100	3230	3.0	1.4
Save & Prosper Growth	1244	1672	2880	3045	2.7	1.8
Scott Equitable Technology	1010	1640	2691	4089	4.7	0.7
SECTOR AVERAGE	1053	1280	2020	2256	5.3	1.0

Nth America

Hill Samuel US Smaller Co's	998	2327	3781	6176	5.8	-
PM North America Growth	1168	2250	3822	4553	4.5	0.1
Edinburgh North American	1158	1957	3423	3498	3.8	0.6
Royal Life United States	1177	1904	3488	3800	3.8	0.3
Fidelity American Spec Sits	1044	1876	2738	3456	4.8	-
SECTOR AVERAGE	1082	1805	2804	3088	4.1	0.5

Europe

Jupiter European	1133	2032	3234	-	3.3	0.2
Baring Europe Select	1096	1889	2882	3113	3.7	0.8
Friends Prov European Gth	1159	1865	2618	-	2.7	-
Allied Dunbar European Growth	1121	1846	2783	3010	3.7	0.1
Gartmore European Sel Opps	1128	1799	2917	3391	2.8	-
SECTOR AVERAGE	1101	1494	2206	2801	3.0	0.7

Japan

GT Japan Growth	982	977	1676	1431	3.6	-
Martin Currie Japan	926	959	2089	-	5.3	-
Henderson Exempt Japan	891	924	1947	1170	5.2	-
Schroder Tokyo Inc	906	909	1989	2091	5.0	-
Murray Japan Growth	876	902	-	-	4.5	-
SECTOR AVERAGE	808	743	1480	1196	5.3	0.2

Far East inc Japan

Govett Greater China	1358	1405	2670	3360	4.7	-
Abnvest Pacific	1201	1087	2218	3103	4.0	0.3
Martin Currie Far East	1007	1066	2036	2250	4.6	0.2
United Friendly Far Eastern	967	1039	1824	-	3.7	0.6
Schroder Far East Growth Inc	886	1028	2274	-	4.3	-
SECTOR AVERAGE	915	951	1899	2070	4.2	0.6

Far East exc Japan

HSBC Hong Kong Growth	1519	1853	3714	6255	6.7	0.8
INVESTCO Hong Kong & China	1461	1804	2980	3869	6.5	0.4
Henry Cooke Eastern Enterprise	1318	1470	-	-	5.4	-
GT Orient Acc	1100	1480	3061	-	5.7	0.1
Old Mutual Hong Kong	1248	1480	2752	4510	6.7	0.7
SECTOR AVERAGE	949	1060	2189	3347	5.4	0.7

INVESTMENT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

English National	2,774
Scottish National Capital	2,390
Fleming Income & Growth Capital	1,790
Contra-Cyclical Capital	1,679
Murray Split Capital	1,645

BOTTOM FIVE OVER 1 YEAR

Slam Selective Growth	456
Altrus New Trail	510
Korea Liberalisation Fund	516
East German	553
Fidelity Japanese Values	604

Fidelity Japanese Values



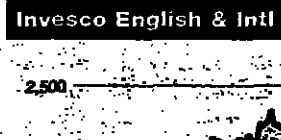
TOP FIVE OVER 3 YEARS

TR Technology B	3,247
Foreign & Col Enterprise	2,308
Canover	2,280
Investco English & International	2,142
Kleinwort Development Fund	2,128

BOTTOM FIVE OVER 3 YEARS

East German	394
Emor Dual Capital	411
Perpetual Japanese	450
Slam Selective Growth	460
Fidelity Japanese Values	489

Invesco English & Intl



TOP FIVE OVER 5 YEARS

TR Technology B	15,183
TR European Growth	4,512
Foreign & Col Enterprise	4,432
MCIT Capital	4,063
Invesco English & International	4,022

BOTTOM FIVE OVER 5 YEARS

East German	325
Emor Dual Capital	443
Contra-Cyclical Inc	830
Contra-Cyclical Capital	839
Emor Dual Inc	841

Foreign & Col Enterprise



TOP FIVE OVER 10 YEARS

Canover	9,1
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Insurances, Money Markets and Other

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مكتبة المجلد

Dow tops 7,800 at midsession

AMERICAS

Trading opened briskly on Wall Street in heavy morning volume as options and futures contracts took centre stage during the market's "triple witching day", reports *John Labate in New York*.

Rumours continued to swirl of a tobacco company settlement. Expectations put the deal at hundreds of billions of dollars over the long term. Philip Morris traded 3% lower at \$47.40 while RJR Nabisco was unchanged at \$35.75.

The Dow Jones Industrial Average broke through the 7,800 point level by midday, ending at 7,816.42. The broader Standard & Poor's 500 index rose just 1.52 to 899.51.

Allied Signal shot up 1 1/4% to \$38. Computer maker Hewlett-Packard added 1/4% or 1.6 per cent at \$54. Boeing gained 1/4% to \$56.50 and J.P. Morgan, the investment bank, put on 1/4% at \$109.30.

Travelers Group, the financial services group, surged 1 1/4% or 1.8 per cent at \$53.75. "Triple witching" refers to a once-a-quarter event in which individual stock options, index options and futures expire on the same day, leading to a frenzy of buying and selling as traders roll into the next cycle.

"There's a tremendous

amount of money coming into the market, from individuals and institutions, with a rush to buy into any dips," said Joseph Battipaglia, chief investment strategist at Gruntal & Co. He saw strength across the board with great breadth.

Major technology companies traded higher, as the technology-slanted Nasdaq composite index crept up by 4.93 at 1,432.07. Among the biggest gainers were Intel, which was up \$1 1/4 to \$149.75, while Microsoft rose \$1 1/4 to \$131.

TORONTO traded narrowly in light volume but by the end of the morning it had managed to notch up modest gains, helped by a steady start on Wall Street.

At noon, the 300 composite index was 11.09 ahead at 6,823.80.

Conglomerates were one of the better performing sectors. Canadian Pacific gained 70 cents to C\$39.95.

Alcan Aluminium added 20 cents to C\$49.25 and Seagram gained 25 cents to C\$53.65. Among banks, Royal Bank of Canada put on 35 cents to C\$41.25.

Gold leaders continued to suffer from a weak bullion price.

Barrick Gold came off 60 cents to C\$28.25 and Placer Dome shed 25 cents to C\$24.25.

Mexico City advances

MEXICO CITY continued to gain ground, building on the strong run that has taken the market to record high for the past seven straight sessions.

"There is a feel-good factor. Worries about the mid-term elections - due early next month - appear to have faded away," said one broker.

At midsession, the IPC index was 44.01 higher at 4,397.68 in good two-way volume among leading stocks.

Telmex jumped 26 cents to 19.06 pesos and Carso

Grupo, Telmex's holding company, gained 70 centavos to 30.96 pesos.

Cemex put on 1.05 pesos to 37.35 pesos as sentiment in building-related shares continued to benefit from this week's strong industrial output figures.

CARACAS stayed firm on foreign buying. At midsession, the IBC index was up 64.42 at 7,909.39, although volume was said to be light.

SAO PAULO eased lower in morning trading with the Bovespa index off 165 at 12,040 at midsession.

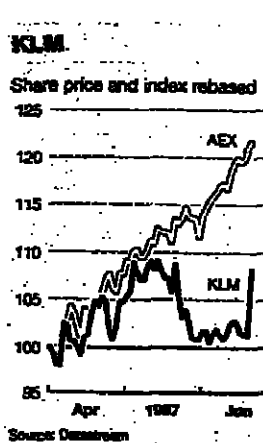
EUROPE

A turn of speed in the transport sector lifted AMSTERDAM to a record high for the fourth time this week. Both KLM and Nedlloyd notch up strong gains to help push the AEX index up 5.51 at 882.20 at the close of trading.

KLM was the day's best performer, adding F13.80 or 6.8 per cent to F159.50 on the news that the 20 per cent-owned associate Northwest Airlines planned to expand via a big order for new aircraft. Next week's traffic figures from British Airways, where good news is expected, was also said to be driving sentiment.

Nedlloyd, which earlier this week was the subject of Far Eastern rate rise talk, bounced F12 to F130.9 following an upgrade to "outperform" by Van Lanschot, plus news of a shake-up within the group's road cargo operations. Bolsaswiss gained F1.40 to F139.20. Talk of a Russian margarine takeover lifted Unilever F1.80 to F140.80.

KNP ran into profit-taking



after gains of close to 19 per cent since the start of June. The shares dipped 50 cents to F182.30. Among financials, Aegon came off 40 cents to F158.10.

PARIS reversed four straight days of losses with a modest recovery for the CAC 40 index which ended 17.41 higher at 2,757.10. LVMH rallied strongly on a day of limited features. Volume stayed below average at 12.1m shares traded.

Zurich established a

third consecutive record high as blue chips continued

Hong Kong scores largest daily points rise

ASIA PACIFIC

A wave of handover euphoria sent HONG KONG soaring 4.5 per cent higher, its largest ever one-day points rise, in turnover that also set a record at HK\$26.6bn.

The Hang Seng index rocketed 647.87 to an all-time peak of 15,154.36. A sharply higher banking sector provided the motive force, on a rumour that a mainland company might buy a stake in Hang Seng Bank.

Shares in the Seng Bank jumped above HK\$100 for the first time ever, climbing HK\$12.75 to HK\$109.50, off a record intra-day HK\$110. Shares in the parent, HSBC Holdings, advanced HK\$7 to HK\$233. Turnover in the two stocks totalled HK\$3.1bn.

Later, however, some analysts expressed scepticism about the likelihood of Hang Seng Bank finding itself with a Chinese shareholder. They said that since Hang Seng was one of the territo-

ry's largest banks, any deal would be too politically sensitive.

The property sector also helped the market higher on hopes that any measures by the incoming government to curb rising property prices would not damage the sector too much.

The mainland Chinese markets were also sharply higher, pulled ahead by a strong showing in the Shenzhen-listed Shenzhen Development Bank. SHENZHEN's local currency A index jumped 7.3 per cent, dragging the hard currency B index up 2.5 per cent, while the SHANGHAI A index rose 5.4 per cent and the B index added 2.2 per cent.

The bank rose by its 10 per cent daily limit after ending a five-day trading suspension following the sacking of its president for alleged illegal trading.

TOKYO wiped out earlier gains as the dollar weakened against the yen and hesitation grew among investors

point. Down 3 per cent on Thursday, the shares surged FF70 or 4.8 per cent to FF1,531 yesterday as investors put to one side their worries about the group's stake-building in Grand Metropolitan of the UK.

Alcatel Alsthom added FF21 to FF273 after French brokers upgraded their earnings estimates for 1997 following Thursday's upbeat annual meeting. Retailers stayed in demand, Pinaut-Printemps gaining FF22 to FF2,944.

CSFB moved both BNP and Société Générale to "sell" on the basis that bank sector restructuring was likely to slow under the present government. The former shed FF3.80 to FF222 and SocGen came off FF11.00 to FF210.

Concern about the official brake on privatisation sent Thomson-CSF down by FF1.80 to FF150.6. Rhon-Poulenc dropped FF2.50 to FF201.50 following a "sell" recommendation from brokers Transbourse.

ZURICH established a third consecutive record high as blue chips continued

FTSE Actuaries Share Indices

THE EUROPEAN SERIES	Jun 20	Jun 19	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14	Jun 13
FTSE Europe 100	2455.29	2452.39	2451.50	2451.29	2451.11	2451.89	2452.84	2453.40
FTSE Europe 200	2453.17	2452.58	2451.50	2451.29	2451.11	2451.89	2452.84	2453.40

Source: Reuters. Last updated: 10:00 AM GMT. All rights reserved.

to propel the market upwards. The SMI index ended 5.51 stronger at 5,561.8 in turnover of SFr2.9bn, prompting some analysts to

THE WEEK'S CHANGES

	% Change
Milan	+3.5
Zurich	+3.3
Amsterdam	+1.9
Madrid	+1.4
Frankfurt	+1.2
Stockholm	n/c
Paris	-1.9

comment that the week's rise was based more on enthusiasm than fundamentals.

Roche, a victim earlier in the week of Novartis's popularity, returned to centre stage among the major phar-

FTSE Actuaries Share Indices

THE EUROPEAN SERIES	Jun 20	Jun 19	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14	Jun 13
FTSE Europe 100	2455.29	2452.39	2451.50	2451.29	2451.11	2451.89	2452.84	2453.40
FTSE Europe 200	2453.17	2452.58	2451.50	2451.29	2451.11	2451.89	2452.84	2453.40

Source: Reuters. Last updated: 10:00 AM GMT. All rights reserved.

to propel the market upwards. The SMI index ended 5.51 stronger at 5,561.8 in turnover of SFr2.9bn, prompting some analysts to

THE WEEK'S CHANGES

	% Change
Milan	+3.5
Zurich	+3.3
Amsterdam	+1.9
Madrid	+1.4
Frankfurt	+1.2
Stockholm	n/c
Paris	-1.9

comment that the week's rise was based more on enthusiasm than fundamentals.

Roche, a victim earlier in the week of Novartis's popularity, returned to centre stage among the major phar-

early gains in Wall Street, low yields on the domestic bond market and a stable dollar.

Lufthansa closed up DM1.70 at DM35.76, with the share looking increasingly likely to match some analysts' target prices of DM36.

Analysis noted that speculation that the airline may now add a Japanese carrier to its Star Alliance boosted sentiment on the stock.

MILAN progressed to a near 11-year high with the Comit index up 2.97 at 822.45 as the stronger lira, a firmer bond market and the day's futures and options expiries bolstered confidence.

Bonetto, a sharp outperformer over the last two weeks, added L79 to L27,313. MADRID rose 1.2 per cent to 1,275.33 as the market ticked upwards following the uneventful expiry of the June futures contract on the Ibex 35 index.

The general index added 7.20 to a record high of 589.72, on best-ever turnover of Pta185.7bn.

Written and edited by Michael Morgan and Jeffrey Brown

THE WEEK'S CHANGES

	% Change
Hong Kong	+7.4
Sydney	+2.1
Kuala Lumpur	+1.7
Singapore	+0.9
Tokyo	-0.7
Seoul	-2.4
Bangkok	-6.9

ahead of the G7 summit in Denver this weekend, writes *Green Robinson*.

The Nikkei 225 fell 122.31 to 20,385.54 after moving between 20,385.54 and 20,575.96. The key index gained as much as 88 points at one point on early buying by foreign investors as the dollar moved up to the Y114 level. But the market quickly lost momentum and stayed lower for the rest of the day. Reports of a fresh financial scandal involving Yamaichi Securities further depressed sentiment and drove down securities houses.

Volume rose from 324m

shares to an estimated 414m. Declines led advances 610 to 458 with 182 unchanged. The Topix index of all first-section stocks shed 0.20 to 1,530.24 and the capital-weighted Nikkei 300 crept up 0.05 to 285.85. In London, the ISE/Nikkei 50 index rose 6.59 at 1,603.41.

Securities houses fell on reports that Yamaichi, one of the big four brokers, arranged for Tokyo Department Store to purchase shares with unrealised evaluation losses held by 24 of the broker's corporate clients between 1987 and 1992. The purchases enabled the 24 client companies to omit the losses from their balance sheets.

Yamaichi, which refused to comment on the reports, fell Y10 to Y325. Nomura Securities, currently embroiled in a separate scandal, fell Y40 to Y1,430. However, Daiwa Securities gained Y6 to Y385. Tokyo, meanwhile, shed Y15 at Y433. Banking issues

advanced, led by Sakura Bank which gained Y23 to Y984 after reaching an intraday high for the year of Y980 earlier in the day.

Blue-chip exporters were mixed on uncertainty about the yen-dollar exchange rate. Fujitsu rose Y40 to Y1,570, Hitachi Y20 to Y1,330 and TDK Y170 to Y8,410. However, Advantest fell Y50 to Y8,600 and Tokyo Electron Y110 to Y5,750.

In Osaka, the OSE average fell 42.97 to 21,199.45 and volume eased to 12.3m shares.

BANGKOK rebounded 3.3 per cent after Thursday's 98-point loss as investors welcomed the expected appointment of a banker, Thanong Bidaya, as new finance minister.

The SET index gained 15.48 to 480.25 in turnover of Bt5bn with advances seen in all the key sectors.

Banks rose 3.5 per cent and the communications sector gained 6.3 per cent.

TAIPEI saw a strong - and rare - confluence of

strength in both the financial and electronic sectors which sent the market up 2.9 per cent to another seven-year high.

The weighted index surged 215.84 to 8,822.13. Financials advanced 5.1 per cent and electronics by 2.4 per cent. Analysts said strength in both sectors suggested that a strongly bullish trend had emerged.

SOUTH AFRICA

Gold prices in Johannesburg stayed weak but industrial shares rallied as the futures expired smoothly. The all-share index closed up 25.0 at 7,234.11.

Gold fell on the back of a soft bullion price. Vaal Reefs lost R4.75 to R238.75 and Kloof shed 75 cents to R27. The gold index sank to its lowest level since March 1998, dropping 33.9 or 3.2 per cent to 1,027.4. Industrials gained 77.7 to R5,115.

LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is delivered by Eikon, part of Financial Times Information.

Details relate to those securities not included in the FT 500 Information Services. The prices are those at which the business was done on the 24 hours up to 5.15pm on Thursday. They are not in order of execution but in ascending order which denotes the day's highest and lowest trades. For most securities in the four previous days to given with the relevant date. The size of individual deals is rounded to the nearest thousand and represented with the appropriate unit, where available. # Denotes at special prices. # Denotes done the previous day.

British Government Stocks

Guaranteed Stock 2000 Series PLC 8 1/4%
Gilt 2000 Series 2000 (Reg)
Gilt 2000 Series 2000 (Reg)
Gilt 2000 Series 2000 (Reg)

Corporation and County

British Government Stock 2000 Series PLC 8 1/4%
Gilt 2000 Series 2000 (Reg)
Gilt 2000 Series 2000 (Reg)
Gilt 2000 Series 2000 (Reg)

UK Public Bonds

British Government Stock 2000 Series PLC 8 1/4%
Gilt 2000 Series 2000 (Reg)
Gilt 2000 Series 2000 (Reg)
Gilt 2000 Series 2000 (Reg)

Foreign Stocks, Bonds etc

British Government Stock 2000 Series PLC 8 1/4%
Gilt 2000 Series 2000 (Reg)
Gilt 2000 Series 2000 (Reg)
Gilt 2000 Series 2000 (Reg)

Coupons Payable in London

British Government Stock 2000 Series PLC 8 1/4%
Gilt 2000 Series 2000 (Reg)
Gilt 2000 Series 2000 (Reg)
Gilt 2000 Series 2000 (Reg)

Debt Insurance

British Government Stock 2000 Series PLC 8 1/4%
Gilt 2000 Series 2000 (Reg)
Gilt 2000 Series 2000 (Reg)
Gilt 2000 Series 2000 (Reg)

Programmes

British Government Stock 2000 Series PLC 8 1/4%
Gilt 2000 Series 2000 (Reg)
Gilt 2000 Series 2000 (Reg)
Gilt 2000 Series 2000 (Reg)

Overseas Borrowers

British Government Stock 2000 Series PLC 8 1/4%
Gilt 2000 Series 2000 (Reg)
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Overseas Borrowers

British Government Stock 2000 Series PLC 8 1/4%
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Gilt 2000 Series 2000 (Reg)

COMPANIES AND FINANCE

ADM to expand cocoa interests

By Virginia Marsh

Archer-Daniels-Midland, the US agribusiness group, is to become the world's largest independent cocoa processor just months after entering the business.

It said yesterday it was buying the cocoa processing interests of ED&F Man, the UK commodities and financial services group, in a deal worth \$223m (£135.2m).

Mr Martin Andreas, senior vice-president, said the Man operations, based in the UK, US, Brazil and Poland, were a good geographical fit with the cocoa business it bought from WR Grace in February.

ADM had entered cocoa processing - a sector which has been suffering from low margins - because it complemented its other processing activities.

Mr Andreas said: "We produce sweeteners for the confectionery industry, which also buys a lot of cocoa. In many cases the customer lists are identical." Mr Andreas said.

"We also believe we can improve the companies' processing performance through our expertise in that area and improve costs and profitability."

The acquisition will lift ADM's annual processing

capacity to an estimated 450,000 tonnes, giving it about 18 per cent of global capacity. This puts it ahead of Callebaut-Barry, owned by Klaus J Jacobs of Switzerland, on about 350,000 tonnes and Cargill, its private US rival, with estimated capacity of 260,000 tonnes.

Man, which has been the fourth largest force in the industry, is selling 160,000 tonnes of capacity.

ADM is paying \$108m in cash and will assume debt of \$115m. This compares with the estimated \$470m it paid for the Grace operations and with the FF2bn (£200m) Jacobs gave for Barry.

Analysts said Man had achieved an "excellent" price for the businesses, which have net assets of \$35.7m. Mr Howard McGrath, managing director, said their pre-tax profits were about \$6m last year.

Man had sold the businesses partly because the group would have had to invest heavily to compete in a consolidating market. It is understood that Cargill was the other main bidder.

Man said the deal would also reduce gearing from about 230 to 190 per cent, with net debt of some \$620m, and allow it to focus on businesses with higher returns.

The group is expanding its asset management operations, which last year provided \$30.5m (£14.2m) out of group profits of \$85.2m.

It is retaining its cocoa sourcing operations and cocoa merchandising business. Problems at the latter last year pushed the cocoa division into a \$4.6m loss.

Man shares, which floated at 180p in 1994, broke through the 200p barrier for the first time, rising 11½p to 203½p. Shares in ADM, which has been hit by price-fixing allegations, were up ¾ at \$22 on the New York Stock Exchange at lunch-time yesterday.

Zeneca to buy ICI drugs business

By Nikki Tait in Sydney and Clive Cookson in London

ICI Australia said yesterday it had agreed to sell its pharmaceuticals business to Zeneca of the UK.

The price has still to be negotiated between the two parties. Analysts suggest that the business is worth around A\$200m (£145.2m).

The move follows the decision of the British ICI group to sell its 62.4 per cent stake in ICI Australia through a public offering. It is expected to raise about £1m, as part of a \$2bn programme of disposals to fund ICI's \$4.5bn purchase of Unilever's specialty chemicals business.

Under the 1993 demerger agreement between ICI and Zeneca, ICI Australia became the exclusive distributor of Zeneca drugs in Australasia, but this arrangement could be terminated if control of the business changed.

Zeneca has argued that ICI's sale of its stake in ICI Australia, which is likely to take place next month, fulfils that condition. Yesterday, Zeneca and ICI Australia said they had agreed to transfer the pharmaceuticals business, once ICI ceased to own a majority stake in its former Australian subsidiary.

If the two parties cannot agree on a fair sale price, they will commission an independent valuation.

The board of ICI Australia said yesterday that it did not consider the assets to be "a long-term strategic component".

ICI Australia has never broken out the pharmaceutical business's profits and sales. It includes them in its "advanced sciences" division, which earned A\$22m before tax, on sales of A\$153m in the first half of 1996-97.

Zeneca and ICI Australia also said they would extend for at least five years their agrochemicals distribution arrangement. Zeneca products are distributed in Australasia by a joint venture between ICI Australia and Inetec of Australia.

The agreements clear the way for ICI and ICI Australia to announce details of the sale of the parent group's holding. An announcement is expected on Monday.

NEWS DIGEST

Arena on course for expansion

Arena Leisure, the new company formed after the £10m reverse takeover last month of Lingfield Park racecourse by Farringford, the hotel and pub operator, could spend £20m or more on acquiring courses and other sports venues in the next year, its chief executive said yesterday.

Mr Graham Parr, a former director of the Pontins holiday group and a non-executive director of the Harry Ramsden's restaurant chain, said the company had already identified two or three courses it might acquire in the coming months.

Any substantial acquisition would be financed by new equity, he said. The company has set itself a target of developing a £500m leisure business within the next five years.

Its first step to achieving that goal will be to spend the £25m raised from a recent share placing and subscription on upgrading Lingfield, which with its turf and all-weather tracks is the UK's busiest racecourse.

Arena will also be working on improving facilities at the four other courses it manages - Folkestone, Brighton, Plumpton and Fontwell - and on marketing the sport to more family and corporate racers. Among the innovations planned will be a new ticket package offered to customers that will include combining transport, entry to the course and food and drink.

Patrick Harrivson

Report expected on Bass deal

Mrs Margaret Beckett, the trade and industry secretary, is next week expected to publish the Monopolies and Mergers Commission report on the planned merger of Bass with Carlsberg-Tetley.

If the merger between the two brewers is approved, Bass would emerge with between 35 per cent and 40 per cent of the UK beer market, putting it ahead of Scottish Newcastle's 29 per cent. Bass shares have drifted lower this month on fears that a Labour government could take a tough line on the proposed merger. They closed down 18p yesterday at 78p. Earlier this month the shares stood at 77p.

Bass and Carlsberg-Tetley hammered out the deal last summer, under which Bass agreed to buy Allied Domecq's half of Carlsberg-Tetley for £200m. If approved, Carlsberg will merge its half with Bass brewers, in exchange for 30 per cent of the brewing business.

Charis Gresser

Peter Jarvis to head Burton

Peter Jarvis, former chief executive of Whitbread, is to replace Sir John Hoskyns as chairman of Burton Group. The high street clothing retailer yesterday announced that Sir John planned to retire in January at the age of 70. Mr Jarvis has been a non-executive director of Burton Group since 1992.

EMI president gets £6.99m

Mr Jim Fiffeld, president of EMI Music, received total remuneration of £6.99m last year, a modest decline on the previous year's £7.38m. Dubbed "Lucky Jim" by stock market traders, Mr Fiffeld has long been one of the highest-paid directors of a UK-quoted company.

He earns considerably more than other EMI Group directors, including Sir Colin Southgate, chairman, whose package was worth £789,100 last year.

Alice Ranssturn

■ **ALBHOUSE COMPANY**, which was set up by former John Labatt Retail directors with the aim of becoming a big national independent pub operator, has bought 103 pubs from Allied Domecq Retailing for £11.2m.

■ **BANNER HOMES** Group, the housebuilder, surged from £761,000 to £2,03m for the year ended March 31 and sent the shares up 8p to 94½p. Turnover rose to £28.2m (£27.9m).

■ **MINERVA** has purchased the head leasehold interest of St Botolph's House in Houndsditch, London, from Avondale (City) for £28.7m.

Nationwide £1m mailing after change of heart

By George Graham, Banking Correspondent

Nationwide Building Society yesterday ordered a £1m (£1.65m) mailing to all its members after the abrupt change of heart of the man who had led the campaign for the UK society to convert to a bank.

Mr Michael Hardern had been standing for election to Nationwide's board on behalf of the Members for Conversion campaign, but this week he suddenly announced that he now wanted the society to remain mutual.

Mr Hardern's campaign has encouraged a wave of "carpetbaggers" betting that Nationwide would be forced

to convert. The society had to close its doors this week to new savers seeking to share the sort of windfalls which have been enjoyed by members of converting societies such as the Halifax.

Mr Charles Nunneley, Nationwide's chairman, has written to members welcoming the about-turn, but said the campaigners' erratic behaviour "raises very serious questions about their candidates' suitability to be directors of a building society".

The Building Societies Commission, the mutuals' regulator, also cautioned that "being a director of a building society board involves serious responsibilities". The commission said,

however, that it could not decide whether a candidate satisfied the legal requirement to be "fit and proper" until he was elected or co-opted to the board.

In his letter to members, Mr Nunneley noted that the existing Nationwide directors standing for reelection "clearly meet the statutory requirement".

Ballot papers for the board election had already been sent out, but the deadline for voting is July 22. Nationwide included fresh ballot papers with Mr Nunneley's letter and advised members that they could change change their vote "in the light of the latest developments." Only the latest voting form received will be counted.



Charles Nunneley: has written to members

Crean disposes of Master Products

James Crean International BV, a wholly owned subsidiary of the Dublin-based industrial holding company, has sold Master Products Manufacturing to Martin Yale Industries, a US manufacturer and distributor of office and graphic art machines and equipment.

The net consideration is \$9.81m (£6m) in cash.

The Master Products deal together with the recent disposal of the group's 27.8 per cent stake in United Beverages Holdings marks the completion of the disposal of Crean's non-core businesses.

The company said it would now concentrate in developing its core business and was considering acquisitions in the paper, print and packaging and food divisions.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends corresponding dividend	Total for year	Total last year
Assoc British Eng	Yr to Mar 31	37.1 (63.3)	1.294 (1.844)	0.41 (0.771)	-	0.06	-	0.06
Banner Homes	Yr to Mar 31	28.2 (27.9)	2.034 (1.751)	9.9 (1.2)	1.2	0.3	1.8	0.7
Unilever	6 mths to Mar 31	0.9 (0.88)	0.119 (0.13)	1 (1.1)	-	-	-	-

	NAV (p)	Attributable earnings (£m)	EPS (p)	Current dividend (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Electra	6 mths to Mar 31	568.74 (-)	5.73 (11.3)	5.73 (11.3)	4.5	3.9	-	8.4
Henderson Share	6 mths to Apr 30	471.5 (461.1)	0.004 (0.002)	0.021 (0.19)	-	-	-	1.4
ISS Enterprise Cap	Yr to Sept 30	- (-)	- (-)	1.54	July 1	-	-	-

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. In increased capital. All stock. Special.

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For further information or to advertise in this section please contact

Melanie Miles on +44 0171 873 3349

or Marlon Wedderburn on +44 0171 873 4874

ISSUE OF £2,000,000,000

7¼% TREASURY STOCK 2007

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER
FOR AUCTION ON A BID PRICE BASIS ON 25 JUNE 1997

PAYABLE IN FULL WITH APPLICATION

With a competitive bid
With a non-competitive bid

Price bid plus accrued interest
£104 per £100 nominal of Stock

Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 26 June 1997.

Auction of Stock
1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.

General
2. This prospectus is issued under the arrangements described in the Information Memorandum for Issues of British Government Stock published by the Bank of England on 27 March 1997 (the "Information Memorandum"). The terms of the Information Memorandum apply to the above Stock and to the auction described in this prospectus except where expressly varied.

Maturity
3. The Stock will be repaid at par on 7 December 2007.

Interest
4. Interest is payable half-yearly on 7 June and 7 December. The price payable for this further issue of the Stock will include an amount equal to accrued interest from 7 June 1997 (the last interest payment date of the Stock) to 26 June 1997 (the settlement date of this further issue) at the rate of £0.37740 per £100 nominal of Stock. This further issue of the Stock will run for the full six months' interest due on 7 December 1997.

National Savings Stock Register
5. The Stock may be held on the National Savings Stock Register.

FOTRA exemptions
6. The Stock and the interest payable on it will benefit from the exemptions in favour of non-resident holders described in paragraph 21 of the Information Memorandum (FOTRA stocks first issued after 29 April 1996).

Gross payment of interest
7. Interest will be paid without deduction of income tax pursuant to a direction under section 50 of the Income and Corporation Taxes Act 1988.

Stripping
8. The Stock is potentially stripable: paragraphs 6 and 7 of the Information Memorandum therefore apply.

Methods of application
9. Bids may be made on either a competitive or non-competitive basis in accordance with paragraphs 8 to 16 of the Information Memorandum.

Non-competitive bids: amount payable on application
10. The amount payable on application in the case of a non-competitive bid (except in the case of a non-competitive bid made by a gilt-edged market maker), in accordance with paragraph 12(iii) of the Information Memorandum, is £104 per £100 nominal of Stock.

Latest times for receipt of applications
11. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than 10.30 AM ON WEDNESDAY, 25 JUNE 1997; or lodged by hand at the Central Gilt & Money Markets Office, Bank of England, Threadneedle Street, London not later than 10.30 AM ON WEDNESDAY, 25 JUNE 1997. Gilt-edged market makers may bid by telephone to the Bank of England not later than 10.30 AM ON WEDNESDAY, 25 JUNE 1997.

Bids irrevocable
12. Bids will not be revocable between 10.30 am on Wednesday, 25 June 1997 and 10.00 am on Monday, 30 June 1997.

BANK OF ENGLAND
LONDON

17 June 1997

APPLICATION FORM FOR 7¼% TREASURY STOCK 2007

Complete Section 1 or 2, plus Sections 6 and 8. Sections 3, 4, 5 and 7 should also be completed where appropriate.
TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
I/We apply in accordance with the terms of the prospectus for competitive and non-competitive bids dated 17 June 1997 and the Information Memorandum for Issues of British Government Stock dated 27 March 1997 as follows:-

FOR COMPETITIVE BIDS ONLY
(ie for Stock to be purchased at the price bid plus accrued interest)
See notes (a) and (b) below.

Nominal amount of 7¼% Treasury Stock 2007 applied for:

Amount of Stock applied for Multiple
£500,000-£1,000,000 £100,000
£1,000,000 or greater £1,000,000

Price bid per £100 nominal of Stock, being a multiple of 1/32nd of £1:

PLUS accrued interest at the rate of £0.37740 per £100 nominal of Stock:

Total amount payable per £100 nominal of Stock (excluding accrued interest):

Amount required for payment IN FULL AT THE PRICE BID PLUS ACCRUED INTEREST:

FOR NON-COMPETITIVE BIDS ONLY
(ie for Stock to be purchased at the non-competitive sale price, plus accrued interest, as defined in the Information Memorandum)
See notes (c) and (d) below.

Nominal amount of 7¼% Treasury Stock 2007 applied for, being a multiple of £1,000, with a minimum of £1,000 and a maximum of £500,000 nominal of Stock:

Sum enclosed, being £104 for every £100 NOMINAL of Stock applied for:

FOR CGO MEMBERS ONLY
CGO Participant Number _____
Name of Contact _____ Telephone Number _____

REGULATED FINANCIAL INSTITUTIONS ONLY
(if not the person(s) in section 8)
Name of Regulator _____
Membership/Reference Number _____
Country/Territory of Regulator _____

THIS SECTION TO BE COMPLETED BY APPLICANTS ACTING AS AGENT FOR ANY THIRD PARTY

(unless the applicant is a CGO member or is a UK or EEA regulated financial institution, and Section 3 or 4 has been completed)
Full name and permanent address of each third party:
FORENAME(S) AND SURNAME(S) ADDRESS (including postcode)

If additional space is required, please continue on separate sheet.

THIS SECTION TO BE COMPLETED BY ALL APPLICANTS

I/We request that Stock sold to us/for us be registered in the undermentioned name(s) and that any certificate be sent by post at my/our risk to the name(s) holder at the address shown below.
IN THE CASE OF A NON-COMPETITIVE APPLICATION, I/we warrant that to my/our knowledge this is the only non-competitive application made for my/our benefit (or for the benefit of the person(s) on whose behalf I am/we are applying).

IN THE CASE OF AN APPLICATION BY A MEMBER OF THE CGO SERVICE WHO HAS COMPLETED SECTION 3, we request that my Stock allocated to us be credited direct to our account at the CGO. We hereby irrevocably undertake to accept such Stock by member-to-member delivery through the CGO Service from the Governor and Company of the Bank of England, Number 2 Account (Participant number 5183) by the deadline for such deliveries on 26 June 1997, and we agree that the consideration to be input in respect of such delivery shall be the amount payable by us on the sale of such Stock in accordance with the terms of the prospectus.

IN THE CASE OF AN APPLICATION MADE ON BEHALF OF A THIRD PARTY, I/we have obtained and recorded evidence of the identity of each person on whose behalf I am/we are applying, and I/we will on demand make such evidence available to the Bank of England or the relevant authority.

SIGNATURE(S) _____
of, or on behalf of, applicant

Date _____

DETAILS OF APPLICANT(S)

(if not the person(s) in section 8)
FORENAME(S) AND SURNAME(S) ADDRESS (including postcode)

REGISTRATION DETAILS

Stock may be registered in the names of individuals or a corporate body.

CAPITAL LETTERS PLEASE

Title Forename(s) in full Surname

Address _____

Postcode _____

Title Forename(s) in full Surname

Address _____

Postcode _____

Daytime Telephone Number (in case there is a query)

FOR BANK OF ENGLAND USE

Box No. 710 End. Transaction Number 166/

New Account No. _____

Corr. Posted Date _____

The Stock will be registered on the Bank of England Register, unless you wish the Stock to be registered on the National Savings Stock Register (NSSR) (for which there is a maximum limit of £25,000 nominal of Stock) or at the Bank of Ireland, Belfast, in which case please tick the appropriate box.

NSSR ☐

BELFAST ☐

German, French bourses in link-up talks

By Andrew Fisher
in Frankfurt and
Andrew Jack in Paris

The German and French stock exchanges are discussing plans to link their operations electronically. The move is designed to create a stronger market ahead of European monetary union, which will intensify competition among bourses.

sources said there was plenty of scope for co-operation on the technology side, where the German exchange has forged ahead with electronic trading systems.

Mr Werner Seifert, chairman of Deutsche Börse, which runs the Frankfurt securities and derivatives exchanges, said the intention was to combine the cash market and the futures markets of both exchanges.

The SBF said in Paris it was looking at ways of establishing links that would enable screen-based transactions on the French and German equities market to be carried out from each others' bourses. The idea was to implement a system shortly after the Frankfurt exchange's new electronic trading system is fully under way in 1998.

A second stage of discussions would cover broader co-operation on such issues as the mutual recognition of each country's registered traders and clearing and settlement systems.

After London, the German and French bourses are the biggest in Europe. With the arrival of the single currency, scheduled for 1999, capital markets will come under competitive pressures as investors concentrate on centres with the best liquidity and product range.

INTERNATIONAL NEWS DIGEST

Clinical trials boost for Roche

Shares in Roche, the Swiss pharmaceuticals company, climbed more than 2 per cent yesterday after it announced that clinical trials had shown that a combination of its drug Inivase and two other drugs significantly delayed the onset of AIDS. The shares closed at SF13.245, up SF12.75, in Zurich.

The tests, on 3,465 patients from 22 countries, showed a cocktail of Inivase, Glaxo Wellcome's AZT and Roche's Hivid prolonged survival by 50 per cent compared with patients who took AZT and Hivid only.

Inivase belongs to a class of drugs known as protease inhibitors, whereas Hivid and AZT are reverse transcriptase inhibitors. Clinical trials on "combination therapy" using two reverse transcriptase inhibitors and one protease inhibitor began early last year. The World Health Organisation said last month that triple combination therapies had shown "impressive short-term results" in prolonging life.

The protease inhibitors Norvir, made by Abbott Laboratories, and Crixivan, made by Merck, have also been approved by the regulators.

Michael Peet

Publicis ownership shake-up

The ownership of Publicis, the quoted French advertising group, is poised for a shake-up in the wake of tensions between the family members who control the company.

Ms Michele Bleustein-Blanchet, the youngest daughter of the founder of Publicis, has hired a leading investment bank to help her prepare for the sale of her substantial direct and indirect stakes in the group.

The action follows her public criticism earlier this month of the way Somarel, the family holding company, is run by her elder sister, Mrs Elisabeth Baudouin, a writer who is married to Mr Robert Baudouin, France's former Socialist justice minister. The tensions came after the death last year of Mr Marcel Bleustein-Blanchet, who created Publicis in 1927. Control of both the group's supervisory board and of Somarel are now held by Mrs Baudouin.

Andrew Jack, Paris

Cinram agrees Dutch buy

Cinram International, the Canadian compact disc and video cassette manufacturer, has agreed terms to acquire a Netherlands cassette factory from PolyGram, the Dutch entertainment group. The factory, based at Amersfoort, makes audio cassette tapes for music and video cassettes.

Alice Rasthorpe

Comalco to close plant

Comalco, the Australian integrated aluminium producer controlled by London-based Rio Tinto, said yesterday it would shut its Southern Aluminium plant in Tasmania after Reynolds Metals backed out of a deal to buy the business. Comalco said it was "extremely disappointed" but that it had been seeking a buyer for some time. "A sale to Reynolds was the last option to secure the plant's future. There is now no choice but to close the plant," it said. Details of the sale arrangement had not been made public.

Nikki Tait, Sydney

Asia-Pacific airlines sign alliance deal

By Nikki Tait in Sydney

The long-awaited alliance between Singapore Airlines, Air New Zealand and Australia's Ansett was formally signed in Melbourne yesterday.

The link-up involves code-sharing and integration of networks and schedules. Between them, the airlines fly to about 200 cities in 47 countries and have a fleet of 233 aircraft.

Yesterday, the partners said they would also be looking at joint purchasing arrangements and cargo operations, and shared pro-

motional and marketing arrangements. However, Singapore denied rumours it would take an immediate equity stake in Ansett. Mr Rod Eddington, Ansett Australia's chairman, said it was too early to discuss the issue.

"This is not an appropriate time to talk about that. We are here to talk about commercial co-operation," he said.

Air New Zealand already owns 50 per cent of Ansett, with Mr Rupert Murdoch's News Corporation holding the other 50 per cent.



Rod Eddington at yesterday's news conference: 'too early to discuss Singapore Airlines taking a stake in Ansett'

Singapore is thought to be interested in taking an equity interest to cement the alliance, and it has been widely assumed that News will ultimately sell, although it may wish to see the value of the Ansett investment restored first.

Even without an equity component, the alliance will still require various regulatory approvals, including the go-ahead from the Australian Consumer and Competition Commission, which raised initial objections to the tie-up between British

Airways and Qantas. The ACCC said yesterday it would conduct a preliminary investigation into the deal.

Earlier this week, Ansett indicated it should break even in 1998-99, although the recently developed international operations would

Tractebel moves to maintain its autonomy

By Neil Buckley in Brussels

Tractebel, the Belgian utility and industrial services group, yesterday took steps to preserve its autonomy after the merger of its ultimate parent, France's Compagnie des Suez, with Lyonnaise des Eaux, the French utility.

An extraordinary meeting of shareholders voted to change the company's statutes to avoid conflicts of interests between the Belgian utility and the new Suez Lyonnaise des Eaux, whose cre-

ation was approved by shareholders on Thursday. The moves are supported by Suez and were presented to shareholders by Mr Gérard Mestrallet, Suez chairman, who is also chairman of Tractebel.

They follow an intervention by Mr Jean-Luc Dehaene, the Belgian prime minister, who sought guarantees from the chairman involved that Belgian interests would not be harmed by the French merger.

Representatives of Suez or Société Générale de Belgique, the Belgian holding company through which Suez holds its Tractebel stake, will be limited to half, less one, of the total number of Tractebel board seats.

A new seven-member strategic committee of directors, which will prepare Tractebel board meetings, will also contain more than three representatives of Suez-SGB.

Three new independent directors were elected to achieve the necessary balance, two of them from Flanders, Belgium's Dutch-speaking region. This was a politically

significant move for a company which has many of its interests in Flanders but is dominated by Francophone management.

Tractebel has already moved to dilute Suez-SGB's stake from 65 per cent to 50.3 per cent, through a merger with Powerfin, its own subsidiary, which was previously the vehicle for its international expansion. It is also rumoured to be considering a merger with Electrabel, the electricity and utility group, of which it owns 39 per cent.

Mr Dehaene this month con-

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS										DOLLAR INDEX									
Figures in parentheses show number of lines of stock										Figures in parentheses show number of lines of stock									
THURSDAY JUNE 19 1997										WEDNESDAY JUNE 18 1997									
US Dollar Index	Day's Change	%	YTD	Local Index	DM Index	Currency Index	% chg	Gross Div. Yield	US Dollar Index	Day's Change	%	YTD	Local Index	DM Index	Currency Index	% chg	Gross Div. Yield		
Australia (78)	237.58	0.5	213.71	171.02	213.03	211.27	0.9	3.84	236.44	213.80	188.17	212.29	208.41	237.58	188.44	201.16	3.84		
Austria (24)	134.04	0.3	174.71	138.58	173.87	173.38	0.2	1.81	135.43	174.80	138.40	173.87	173.38	203.52	174.70	190.85	1.81		
Belgium (26)	251.82	0.3	226.55	181.13	225.81	220.84	0.2	3.24	250.82	228.80	179.48	225.20	204.40	255.87	208.70	211.84	3.24		
Brazil (30)	291.82	-0.3	282.75	210.07	281.88	277.86	-0.3	1.28	282.72	284.88	208.44	282.81	279.27	282.72	170.28	172.65	1.28		
Canada (112)	239.82	0.0	188.92	151.04	188.14	211.02	0.2	1.88	238.77	189.58	150.08	188.24	210.64	212.88	154.12	181.08	1.88		
Denmark (25)	350.32	0.2	351.58	291.41	351.52	349.21	0.7	1.45	357.58	350.73	277.52	348.98	348.57	351.52	298.70	299.92	1.45		
Finland (28)	276.58	0.6	248.40	188.58	247.37	238.05	0.4	1.84	274.31	248.04	188.28	237.57	270.84	188.57	182.88	182.88	1.84		
France (98)	224.23	-0.3	201.88	161.41	201.05	204.65	-0.4	2.77	224.88	202.32	160.88	201.88	205.48	232.24	188.94	195.30	2.77		
Germany (98)	217.48	0.5	185.90	158.54	184.98	184.98	0.5	1.45	216.07	185.38	154.58	184.00	184.00	217.51	188.10	170.84	1.45		
Hong Kong (85)	242.58	2.4	482.57	388.53	483.88	510.83	2.4	2.58	201.71	483.88	358.97	450.48	488.58	528.88	407.55	420.33	2.58		
Indonesia (27)	248.08	-0.8	221.58	177.15	228.88	388.88	-0.7	1.81	248.00	224.25	177.44	222.57	388.32	-	-	-	1.81		
Ireland (17)	349.97	0.4	315.10	251.82	313.80	325.15	0.3	2.80	348.43	315.08	249.30	312.84	325.21	354.84	270.08	288.21	2.80		
Italy (98)	359.01	1.0	351.58	285.58	351.58	351.58	1.0	2.21	362.93	355.30	281.13	352.78	348.48	388.75	279.88	295.46	2.21		
Japan (165)	157.17	-0.7	124.73	99.24	125.82	98.24	0.7	0.79	138.78	155.47	85.28	124.58	88.28	158.25	107.57	157.58	0.79		
Malaysia (107)	527.08	0.7	474.57	379.42	472.80	510.68	0.7	1.34	528.58	473.50	374.67	470.18	508.88	680.58	510.10	558.02	1.34		
Mexico (27)	1083.82	1.8	1407.83	1125.57	1402.01	1351.72	1.8	1.38	1338.51	1388.88	1088.35	1378.55	1328.12	1583.82	1110.35	1241.07	1.38		
Netherlands (19)	386.78	1.0	387.22	285.80	385.74	391.41	0.8	2.21	382.93	385.30	281.13	352.78	348.48	388.75	279.88	295.46	2.21		
New Zealand (14)	92.38	0.1	83.84	88.57	83.28	71.77	0.4	0.07	92.78	83.88	85.88	83.31	71.48	85.88	78.85	78.85	0.07		
Norway (41)	309.05	0.6	278.28	222.47	277.11	304.03	0.6	2.02	307.15	277.73	218.78	275.77	301.28	321.23	248.04	255.50	2.02		
Philippines (22)	172.38	2.3	155.18	124.08	154.55	228.54	2.3	0.82	188.54	182.40	120.58	121.52	221.58	-	-	-	0.82		
Poland (16)	384.22	0.2	345.84	278.58	344.51	382.38	0.8	1.18	386.47	380.31	285.10	357.78	384.68	402.18	281.45	304.58	1.18		
Portugal (44)	384.22	0.2	345.84	278.58	344.51	382.38	0.8	1.18	386.47	380.31	285.10	357.78	384.68	402.18	281.45	304.58	1.18		
Spain (85)	259.08	1.0	238.28	186.51	232.51	285.54	0.8	2.30	258.51	231.84	183.50	230.30	282.42	328.42	171.91	182.02	2.30		
Sweden (48)	470.88	1.1	428.98	388.87	422.22	537.54	1.0	1.82	485.77	421.18	383.28	418.18	532.19	470.88	334.35	382.27	1.82		
Switzerland (35)	389.05	2.4	378.27	292.48	377.12	275.42	1.8	1.21	381.81	372.38	215.84	270.58	270.54	308.08	251.88	282.51	1.21		
Thailand (43)	47.55	-3.9	42.51	34.23	42.51	47.78	-3.8	0.54	48.47	44.73	35.40	44.42	49.88	172.92	47.25	167.78	0.54		
United Kingdom (112)	382.18	0.3	372.08	217.58	370.98	272.08	-0.1	3.71	381.28	372.40	216.54	270.48	272.40	308.21	228.83	234.75	3.71		
USA (S&P)	382.18	1.0	327.57	281.88	328.22	382.82	1.0	1.89	380.50	375.70	257.72	323.40	380.20	383.82	254.78	288.88	1.89		
Americas (818)										Americas (818)									
Europe (728)	382.18	0.8	298.50	238.45	298.28	280.20	1.0	1.69	328.51	297.88	235.78	285.84	277.54	332.84	238.08	246.42	1.69		
Asia (165)	382.18	0.7	240.95	182.84	238.55	247.78	0.8	2.59	288.91	240.35	180.18	238.58	246.78	288.01	204.71	210.55	2.59		
Pacific (882)	382.18	0.5	382.08	289.49	380.58	388.01	0.8	1.58	386.47	380.31	285.10	357.78	384.68	402.18	281.45	304.58	1.58		
Europe Pacific (1008)	382.18	0.3	140.18	112.08	138.58	113.37	0.3	1.25	155.98	141.05	111.81	140.05	113.04	170.85	127.18	189.88	1.25		
North America (758)	382.18	0.3	182.23	145.88	181.47	184.07	0.3	0.98	201.82	182.48	144.40	161.21	188.48	205.07	178.55	185.85	0.98		
Europe Ex. UK (514)	382.18	0.9	318.97	255.02	317.88	258.54	1.0	1.70	310.00	317.58	251.08	254.78	308.25	354.27	248.85	282.88	1.70		
Pacific Ex. Japan (397)	382.18	1.3	279.08	223.81	278.53	273.15	1.4	2.73	308.78	277.43	218.50	275.48	288.38	320.65	288.97	288.32	2.73		
World Ex. US (1821)	382.18	0.3	185.47	148.28	184.70	170.78	0.3	1.88	205.45	187.17	147.00	184.48	170.20	206.71	178.84	188.14	1.88		
World Ex. UK (228)	382.18	0.5	228.73	181.27	225.78	221.42	0.7	1.84	230.21	228.55	179.08	224.58	218.81	251.82	188.58	211.07	1.84		
World Ex. Japan (185)	382.18	0.9	285.47	228.23	284.28	308.58	0.8	2.05	314.33	284.22	224.80	282.22	304.15	317.05	233.10	244.14	2.05		
The World Index (2488)	382.18	0.6	230.68	184.43	229.72	228.23	0.7	1.84	254.65	230.28	182.20	228.83	274.77	258.20	202.32	212.21	1.84		

FTSE GOLD MINES INDEX

Gold Mines Index (21) 1483.13 -0.4 1488.82 2167.10 2.27 -238.03 1488.82

At Regional Indices

Africa (14) 1575.87 -3.0 1684.10 2005.81 5.88 25.21 2017.88 1575.87

Australia (14) 1570.31 -1.4 1684.23 2044.08 3.07 18.88 2081.88 1570.31

South America (11) 1483.13 -0.7 1483.13 1483.13 1.00 50.48 1483.13 1483.13

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Asia-Pacific 1997

- Thailand
- South Korea
- Greater Mekong
- Hong Kong & China
- Japan
- Japanese Industry
- Korea
- Philippines
- Asian Infrastructure
- Taiwan
- Australia
- Korean Investment in Europe

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Brussels and US concerned about merger

Guinness deal with GrandMet probed

By Neil Buckley in Brussels

Both the European and US competition authorities yesterday opened in-depth investigations into the planned \$3.27bn (£23.8bn) merger of Guinness and Grand Metropolitan, prompting speculation that they might demand changes to the deal.

The European Commission warned last night it had "several concerns" about the impact of the agreed link-up - which would create the world's biggest wines and spirits group - and was extending its initial one-month probe into a second, four-month stage.

It highlighted "significant overlaps" between the two companies, particularly in the whisky, gin and vodka markets.

Simultaneously, Guinness and GrandMet confirmed they had received a second request for information from the Federal Trade Commission, signalling the start of a detailed probe by the US authority.

Under EU law, the EC must give a decision by 27 October. The US has no deadline.

Brussels last night made clear its worries about the power of the planned group, GMG Brands, which would have twice the turnover of its largest competitors, Seagram of Canada and Allied Domecq of the UK.

An unusually detailed statement listed four concerns:

- The combined group would have more than 40 per cent of the whisky market in "certain European markets" - thought to be Spain and Greece.
- It would have such a large share of whisky distilleries in Scotland that it might be able to influence the market position and pricing strategies of competitors.
- It would have significant market share of gin and vodka in some countries.
- Ownership of such a large portfolio of "must stock"

brands would give it greatly-enhanced bargaining clout with customers.

US concerns are thought to centre on the GMG Brands' potential to dictate prices in the Scotch, gin and vodka markets.

The groups said last night it was too early to speculate on whether they would be asked to divest businesses - which both regulatory authorities can demand.

"There is no list of brands to sell," Guinness said. "We are very, very confident that the documentation we send will satisfy the authorities that there are no competition issues that need to be addressed."

Guinness said it was still confident the probes would not disrupt the planned merger timetable for the new group which is due to be created early next year.

See Lex; A captain used to storms, Page 6

the potential losses. Nissan policyholders will also have to bear some burden.

Those who cancel their policies will lose up to 15 per cent of the payouts they are owed. In addition, guaranteed returns on personal annuities offered to Nissan Mutual policyholders will be cut from 5.5 to 2.75 per cent.

The plan will be dropped if it is opposed by more than 10 per cent of policyholders, who have up to a month to register their complaints.

The new company that will take over the management of Nissan Mutual's liabilities will cut the number of sales offices and reduce its staff numbers, on the understanding that the other "sister" companies in the Hitachi and Nissan groups accept some of these employees.

Assurance rivals ready to help rescue Nissan Mutual

By Gillian Tett in Tokyo

Japanese life assurance companies yesterday indicated they would take part in a multi-billion yen bail-out of the collapsed Nissan Mutual life assurance group.

The move paves the way for a resolution of the crisis at Nissan Mutual, which in April became the first Japanese life assurance company to fail since the second world war.

However, according to the terms of the rescue plan, policyholders will be asked to accept lower rates of return on their contracts, further undermining confidence in an industry which has seen a flight of funds to other financial institutions.

The plan, broadly agreed by a meeting of industry officials yesterday, envisages that a

new company will be established to take over the losses. Nissan Mutual's potential losses from uncovered liabilities are estimated at about ¥300bn. A special industry insurance scheme will cover some ¥200bn of these.

Government officials had hoped contributions from Hitachi and Nissan Motors, "sister" companies to Nissan Mutual who are part of the same corporate family, or *keiretsu*, would help cover the remainder.

But in a break with corporate tradition, the two companies announced earlier this month they would not contribute to the bail-out.

Instead life assurance companies have agreed to help make up the shortfall and it is hoped improved financial returns will reduce the scale of

the potential losses. Nissan policyholders will also have to bear some burden.

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Diabetes drug data could lead to \$1bn market

By John Labate in New York

US pharmaceutical producer Warner-Lambert is expected to announce "very compelling data" related to its new diabetes drug, Rezulin, which could clear the way to creating what analysts believe will be a \$1bn-a-year market.

Rezulin is now available to only 3m diabetics in the US; the new findings could bolster the case for eventual approval by the Food and Drug Administration for the drug to be available to a much wider population.

The research findings are due to be announced at the annual meeting of the American Diabetes Association in Boston this weekend.

The stock market enthusiastically anticipated the test results in trading on Thursday and Friday. By mid-afternoon yesterday, shares in Warner-Lambert were at \$116.54, a 9 per cent increase from Wednesday's close.

Ms Christina Heuer, a pharmaceutical industry analyst at Smith Barney, called advance disclosures of the test results "very impressive", and said they would support "further strong sales growth for Rezulin".

The latest enthusiasm for Warner-Lambert comes at a time when drug companies in general are enjoying a surge in popularity on Wall Street. Warner-Lambert's shares have more than doubled in the past year, thanks in part to enthusiasm over the prospects for Rezulin and Lipitor, a cholesterol-lowering drug.

An oral medication, Rezulin represents a new approach to controlling glucose levels and is part of a class of drugs known as insulin resistance reducers.

It was discovered by Japanese pharmaceutical company Sankyo. Warner-Lambert has won the rights to develop and distribute it in the US, Mexico, Australia and South America. UK pharmaceutical producer Glaxo holds the European rights.

THE LEX COLUMN

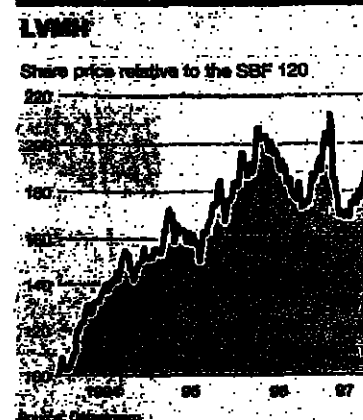
Defensive exchanges

That such avowed foes as the French and German stock markets should again be planning to exchange vows is a measure of the seriousness with which they view the growth of competition. They have good reasons to be concerned; there is the constant threat that an already powerful rival, London, will increase its competitive edge, and the risk that alternative delivery mechanisms, such as the internet, will slowly kill the exchanges.

Their last efforts foundered on differences over technology. But even if they succeed this time, it is unlikely to make much difference. A single European stock market, of course, would be another matter, allowing one-stop access to all Europe's top listed companies. But that seems a distant prospect so long as countries regard stock markets as symbols of national virility.

The problem, anyway, goes far beyond the structure of the exchanges. Most continental countries lack the developed equity culture that markets need to flourish. And recent events in France and Germany show how far removed they remain from the shareholder-driven model of Anglo-Saxon capitalism. It is not for nothing that stock market capitalisation in Germany and France is around 30 per cent of gross domestic product, compared with 130 per cent in the UK. True, the advent of the euro will be a spur to change; the disappearance of intra-European currency risk will free up investment flows, encouraging more liquid equity markets. But efficient exchanges will lubricate this process, not drive it.

FTSE Eurotrack 200:
2457.0 (-0.9)



nessy to GMG. There is distribution overlap in large markets like the US, France, Canada and Mexico and head office costs would go. Savings of \$80m a year - a conservative estimate - could create around \$800m of value. And his proposals to demerge the group's food and brewing businesses would make sense if he agreed to do it over a much longer period of time.

But for existing GMG shareholders, it is surely better to deal with Mr Arnault from a position of strength - when a merger is done - than while he is dragging the management into talks. He will then need the deal more than GMG. Of course, he may offer attractive terms now, in which case the management should listen. But if LVMH wants to start exercising control, he should certainly have to pay a lot more for it.

LVMH/GMG

The announcement of US and European Union inquiries into the planned merger of Guinness and Grand Metropolitan into GMG Brands will drag on for months. But it still looks unlikely that GMG will have to sacrifice much more than a little US scotch - not enough to damage the rationale for the deal. The greater potential impediment is LVMH's treacherous Mr Bernard Arnault, now the biggest shareholder in both groups. And his alternative proposal, to add LVMH's Moët Hennessy spirits business to the merger process, must now be taken more seriously. So would it be worth more for other shareholders in Guinness and GrandMet?

There would certainly be substantial savings from adding Moët Hen-

UK privatisation

Might Britain's Labour government prove an even more vigorous privatiser than its predecessor? The notion is not unthinkable. Indeed, anything is thinkable when even Mr John Prescott, the deputy prime minister, is contemplating selling London's Underground. But perhaps that should not be such a surprise. After all, Labour or not, the government can hardly have missed the overwhelming evidence that privatisation works. Mr Tony Blair did make his name scrapping Clause 4 of Labour's constitution. And remember: he needs the money.

But surely the Tories have left the cupboard bare? Well, no. For a start they left behind oddities such as the Tote and air traffic control. Then there are bigger beasts - the

Post Office, the BBC and Channel 4 - they were too nervous to touch. There remain, too, large operational chunks of the health service and the social security system that could be contracted out under the guise of "public/private partnership". And all this is without counting Mr Frank Field's wheezes for privatising pension provision.

Ironically, though, the biggest privatisation opportunity of all could be in none of these areas but back in Mr Prescott's domain. Mr Prescott is a public transport enthusiast. And as he must know, the only really compelling answer to Britain's transport problems lies in charging for access to the road network. Start to price roads properly, and their potential privatisation value is truly mouth-watering.

Digital TV

Will UK digital terrestrial television be a crock of gold? Given the fierce fight to win the franchise - and the sharp drop in British Sky Broadcasting's shares when it emerged that the company was being encouraged to quit one of the bidding consortiums on monopoly grounds - one might have thought so. The surprise then is the low valuation of £300m or less that analysts put on the franchise. Split three ways, that is barely a blip for BSkyB, Carlton and Granada, the partners of British Digital Broadcasting, the leading contender.

The franchise itself is worth so little because most of the revenue is expected to be siphoned off to those supplying programmes. BSkyB, which is supplying popular sport and film channels, stands to gain the most. Morgan Stanley, for example, thinks BSkyB would make £330m a year in extra operating profits by 2005 from supplying programmes. But even Carlton and Granada stand to gain 3.5 times as much from supplying programmes as from owning the platform.

Such analysis is fair enough as far as it goes. For several years, BSkyB will actually make more money if it is bought out of BDB because it will not have to cover start-up losses. But the longer-term impact is another matter. If BDB now wins, it will compete more vigorously against BSkyB. For example, if BSkyB really stands to make £330m profits from supplying BDB with football and films in 2005, it is hard to believe BDB will not try to buy those rights directly from the Premier League and Hollywood.

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Air New Zealand	23	ED&F Man	22
Allied Domecq	24	EMI	22
Ansett	23	Gazprom	2
Arena Leisure	22	Glaxo	24
BAT	17	Grand Metropolitan	
Bass	22	Reynolds Metals	23
Burton	22	Roche	23
Carlsberg-Tetley	22	Sankyo	24
Carnegie-Tetley	22	Seagram	24
Cinram International	23	Singapore Airlines	23
Comstock	23	Smith Barney	24
Commercial Union	17	Suez	23
Green (James)	22	Tractebel	23
		Warner-Lambert	24
		Whitbread	22

Markets latest

FTSE 100	4,583.8	(-0.5)
Yield	5.58	
FTSE Eurotrack 100	2,457.0	(-0.24)
FTSE All-Share	2,187.55	(-1.09)
Nikkei	20,385.54	(-122.31)
New York S&P 500	7,916.87	(-39.51)
S & P Composite	888.88	(-1.70)
LONDON MONEY		
3-mo Interbank	6.5%	(same)
Libor 6m	6.5%	(same)
Libor 12m	6.5%	(same)
US DISCOUNT RATES		
Federal Funds	5.5%	
3-m Treasury	5.62%	
Long Bond	6.6%	
Yield	6.6%	
NORTH SEA OIL (Anglo)		
Brent Dated	\$17.07	(17.33)
WTI Dated	\$17.07	(17.33)
GOLD		
New York Comex (Jun)	\$357.7	(\$40.5)
London	\$358.45	(\$38.45)

STEWART		
New York	1,855	
London	1,855	
DM	1,855	(1,845)
FR	2,350	(2,350)
JPY	1,855	(1,855)
SFR	2,350	(2,350)
Y	1,855	(1,855)
Index	101.2	(100.4)
DOLLAR		
New York	1,724	
London	1,724	
DM	1,724	(1,724)
FR	2,350	(2,350)
JPY	1,855	(1,855)
SFR	2,350	(2,350)
Y	1,855	(1,855)
Index	101.2	(100.4)

FT WEATHER GUIDE

Europe today

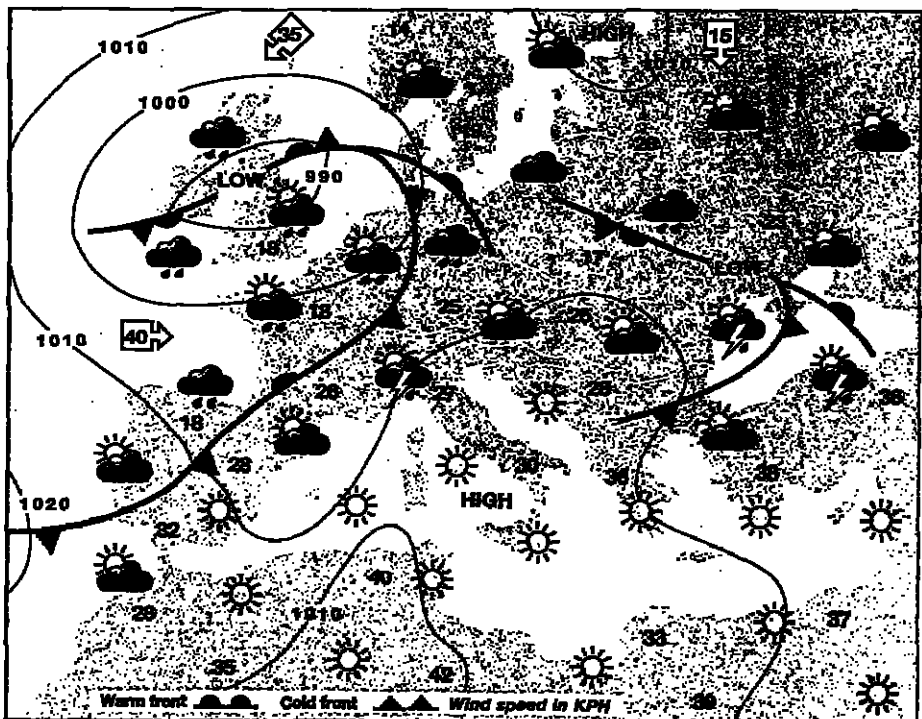
Low pressure over the UK will bring rain and thunder showers to north-western Europe. The associated fronts will bring rain to the British Isles and Germany as well as southern France. The Mediterranean coast will remain dry with sunny periods. Most of the Iberian peninsula will have sunny periods, but north-eastern Spain may have thunder showers.

The Alps and northern Italy will see some rain and thunder showers, but central and southern Italy will have sun.

Greece and southern Turkey will be sunny.

Five-day forecast

The next few days will be unsettled with showers and gusty winds over western Europe. High pressure will bring settled conditions to the region next week. The Mediterranean will stay fair and sunny.



TODAY'S TEMPERATURES

	Maximum	Belling
	Celsius	Belfast
Abu Dhabi	sun 41	Belgrade
Accra	fair 28	Berlin
Algiers	sun 28	Bermude
Amsterdam	shower 18	Bogota
Athens	sun 33	Bombay
Atlanta	thund 32	Brussels
B. Aires	rain 19	Budapest
Buham	rain 18	Chenggen
Bangkok	fair 37	Cairo
Barcelona	thund 26	Cape Town

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Relaxed and repaired

'In this mood Rafter is capable of winning Wimbledon. If he does, he knows who'll be buying the beer'

Page XX



Thrill of a bridge

'It is not entirely surprising that bridges have become, quite suddenly, highly symbolic'

Page XXIV



Redgrave realities

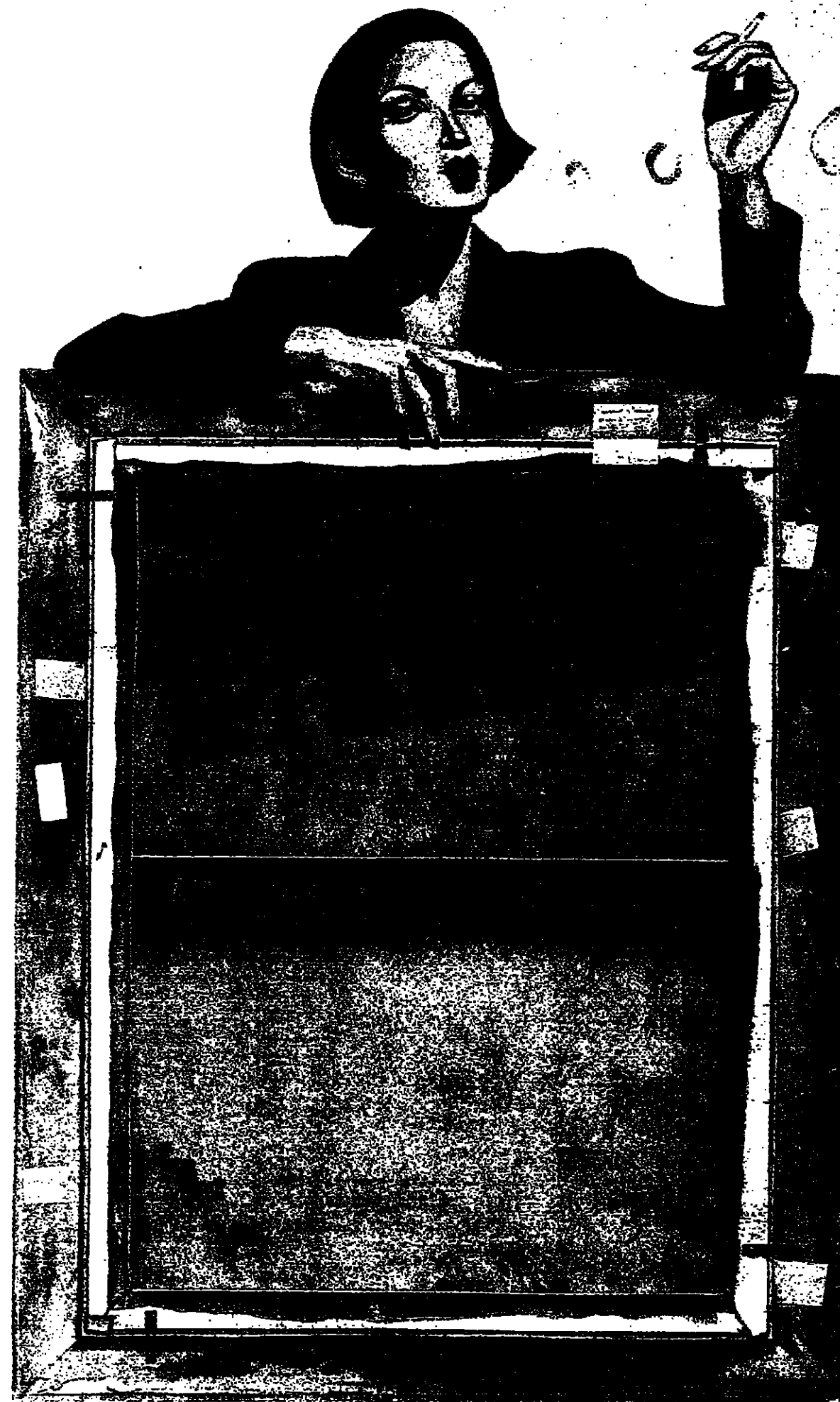
'I practised fatherhood in the 1960s, and all my children despise the 1960s. They think it was a very sad decade'

Page III

A sticky murder. A day at the races... So begins FAKE, our summer mystery story in eight parts, by Michael Thompson-Noel. And you get the chance to win genuine prizes in a series of competitions. See Page IV - after reading Chapter One of FAKE

Global warming is fine by me, though I imagine it has a downside. For all I know, deserts will liquefy and ice-shelves melt. That will be tough on millions of people. In relative terms, however, we have survived greater perils. When we first mutated into something you'd call human there must have been times when drought or viruses or tribal disputes reduced our numbers almost to vanishing point. This probably happened more than once. But we lived to tell the story. We have survived and prospered, in a manner of speaking. The effects of global warming can be gauged easily in London. As things get warmer, London is loosening up - acquiring something of the atmosphere of Naples or Sydney. All you have to do is close your eyes, use your imagination, and inhale the smells of flesh, sweat, sex, money and frank criminality that are rising from the streets. London even has a young Sun King, Tony Blair, whose recent election victory has invested the TV news with a dash of wan glamour. Not that it will last. Nothing ever does: a thought that probably occurred to Robert Mallalieu when he realised, as he must have done - he would have had a few seconds - that someone was in the process of cutting his throat. It is not an easy thing to do, to cut someone's throat. You don't need to be skilled. But you have to be focused. Robert Mallalieu's murder happened on a street in London's Little Venice seven weeks ago. It had been a brilliant spring day. Sky a lazy blue. Temperature almost in the 80s. Unseasonable humidity as sticky as blood.

Until his wife rang. I hadn't heard of Robert Mallalieu. I was at Puddington Sports Club, Maida Vale. Not far, as it happens, from Little Venice. It is a private - mainly tennis - club, and is very ably managed. I was browning my legs idly when Elizabeth Mallalieu phoned. I was glad of the distraction. I took the phone from my bag. It's an Adidas sports bag, battered, retro. "Is that Jane Astor?" "Yes," I replied.



"This is Elizabeth Mallalieu. I want to hire an investigator. I tried Kroll Associates in London, and they suggested you." I used to work for Kroll in Florida. Now that I live in London, Kroll sometimes do me favours. I would do the same for them if I was ever in a position to. Elizabeth Mallalieu explained that her husband, Robert, had been murdered on May 9. The police said it was robbery. His throat had been cut and his watch stolen. It was a Michel Herbelin. French-made. Stylish. Worth £1,000. Had I seen the coverage in the papers? I said that I hadn't. The official inquiry seemed to have stalled, she said. The police appeared to have forgotten about Robert Mallalieu. I said that was impossible, but I agreed to go and see her.

I drove home. I live in a terraced house near Marble Arch. The house was purchased in 1994, on my return from Florida. For something so small it cost a great deal of money. I changed into a suit, a brown counterfeit Armani, and put on some lipstick and some CK One from a half-empty bottle that Paul Williams, my assistant, had left in the bedroom. Paul is 20. People think he's younger. He has long, greasy hair. On the planet where Paul comes from, all males have greasy hair. But he is cleverer than he looks. I got into my car again. Drove north along Edgware Road. Turned left into Blomfield Road. Right into Randolph Road. Upper-class London. Serious money.

My meeting with Elizabeth Mallalieu lasted less than half an hour. She had to go out, she said, though later in the week I could have all the time I liked. She had the quietness - almost a determined blankness - that beautiful women sometimes have. Dark brown eyes. Expensive blonde hair. She hardly even looked at me. Most of what she said was directed at a small gold cushion she held on her lap. The room was a large one, painted blue and white. It had the calculated emptiness that poses as good taste. She handed me some press cuttings. Her husband's murder had been of short-lived interest, even though Robert Mallalieu had been the chairman of a London precious metals firm called Brightsun Investments, and despite the brutality of his early-evening murder in a refined part of London. I flicked through the cuttings. I saw that some of the reports, while emphasising that Brightsun was thoroughly respectable, had observed, nevertheless, that one of the firm's private clients, a Russian lawyer named Dmitri Zhuravsky, was a "reputed confidant" of "prominent criminal elements" in Moscow, for whom he laundered money. The

reports used almost identical phrasing, but made no attempt to draw a connection between the Russian lawyer and the murder of Brightsun's chairman. I started to question Elizabeth Mallalieu, but she stood up. "After tomorrow," she said, "I'll answer all your questions, Jane. We'll agree on your fee, and of course there'll be expenses. I know what to expect, having talked to Kroll. But I want my own investigation. I don't care about the police. Royal Ascot starts tomorrow. Do you happen to like horse racing? I won't be going, though I used to go with Robert. Brightsun has a box at Ascot. Simon Adams will be there. He's the managing director. I'll have a word with Simon. You will find him sympathetic. He'll tell you all about Brightsun. And I think he knows Dmitri Zhuravsky, which is more than I do. Just ask Simon. Ask him anything at all."

So on Tuesday I went racing. I wore my red Armani. The red one is a real one. Or so I believe. I had been to Royal Ascot before, though only as a bystander, one of the milling plebs. This time it was different, because to sit in a box at Royal Ascot is to glimpse how those who control, own and run things - the uppermost crust of Britain's upper classes, the elite of the elite - amuse and pleasure themselves when not engaged in the grind of controlling, owning and running things. The Queen of England owns Ascot racecourse, which sets the tone. To be legalistic, it is owned by the Crown Estates. But she acts as if she owns it. And where is the harm in that, when all is said and done, given the stress of presiding over a family of mad people and struggling to fill in her income tax form? Among the 500 richest people in Britain, the distribution of hereditary titles is approximately one in 10. And many of these titled rich folk, together with the merely rich or titled, crowd into Royal Ascot, along with a phantasmagoria of horse-mad Gulf sheikhs and faces from Fortune. "Make yourself at home," said Simon Adams when I reached Brightsun's box, which was high up in the grandstand, opposite a point 40 yards from the finishing line. Ascot has 285 private boxes, Adams told me, of which the biggest (not Brightsun's) cost £17,000 in annual rental. For that, you get 24 days' racing. There is a 13-year waiting list. "Basically," said Adams, "we've got lobster or lobster, I'm afraid. But there is everything to drink. Just help yourself. And Henry over there" - he pointed to a thin youth wearing a purple topcoat - "is here specifically to ferry our bets to the bookies or tote. The best course of action is to watch the races on TV" - he pointed to a screen - "or out there, on the balcony. To try and move about is hopeless." He would be busy until racing finished, keeping an eye on things. Then we could talk. Among the guests was a large, mute, angry-looking, chiselled Australian billionaire known to be a feared gambler. And there was a svelte, effervescent lady-of-the-moment type dressed, but only just, in pale green silk. Royal Ascot is not the place to bet. The racing is too competitive. On Tuesday the races were won by horses whose starting prices were 10-1, 4-1, 11-2, 15-1, 20-1 and 20-1. Really hard work. The billionaire lost money all afternoon, but the lady-of-the-moment type knew how to enjoy herself. After the fourth race she departed smoothly, Henry in tow, and was not seen again.

When I got home I discovered that Paul, my assistant, had invested £50 on Starborough, the winner of the third race at Royal Ascot. We had won £275. We have an arrangement. Paul has a fine grasp of sporting form. He makes the selections. I put up the money. We are considerably in the black. He had spent all day at his computer. I had given him Elizabeth Mallalieu's press cuttings, and told him to trawl away. I am like the French: I affect to scorn the internet. But cyberspace has its uses. And Paul is not a geek, though he can browse with the best of them. He was still at his screen. I asked him how he was doing. Paul said: "Some of this stuff is weird. There are crazy people out there."

... TO BE CONTINUED

Chapter Two of FAKE will be in next Saturday's Weekend FT. All characters in this novel are fictitious.

Brioni

Harrods

Arts	VII, VIII	Motoring	X, XI
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Bridge Chess Crossword	II	Joe Rogaly	III
Fashion	IX	Science	II
Food & Drink	XXIX	Small Businesses	II
Gardening	XVIII	Sport	XX
How To Spend It	IX	Travel	XII-XIV
Lunch with the FT	III	Weekend Investor	XXII, XXIII

Joe Rogaly

Teenage terror

'Violence, partying, drugs. Such a world might have been designed to lead youngsters astray.'

Page III

True Fiction

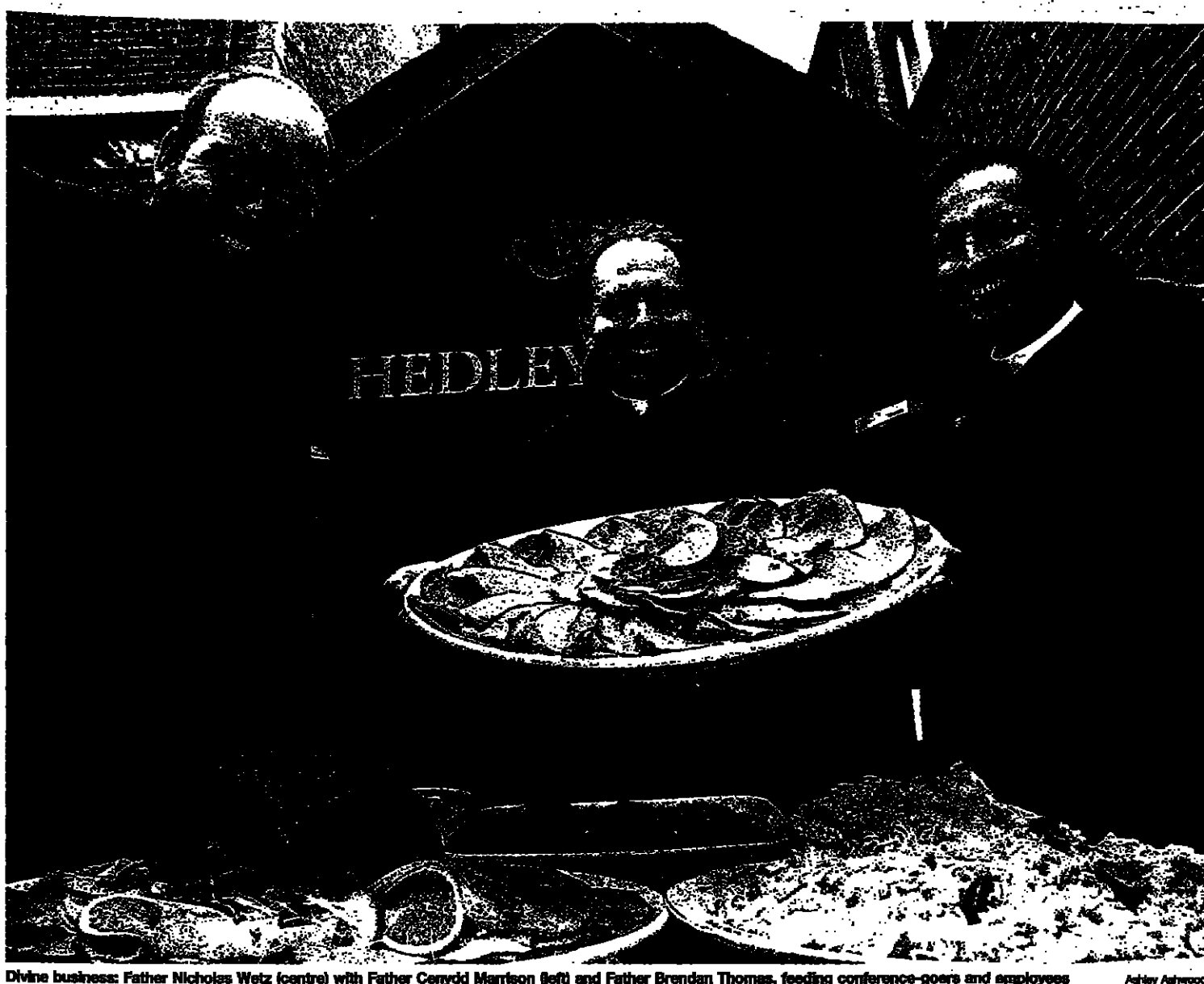
Passion for pootling

'The American was threatened with being skewered to a tree unless he stopped his activities'

Page XXIV

JUNE 21 1997

PERSPECTIVES



Divine business: Father Nicholas Wetz (centre) with Father Cerydd Marston (left) and Father Brendan Thomas, feeding conference-goers and employees

Minding Your Own Business

Pilgrims' progress

Their fortunes dwindling, Belmont's monks went commercial. Clive Fewins reports

Nicholas Wetz was not at all displeased with his company's £4,200 record loss in 1996. It was slightly more than the £4,000 loss the previous year, but turnover had risen to £261,000, an increase of £130,000 in 1996.

"We were not too worried about this at Monksoft because... administrative expenses of £131,000 were more than double that of the previous year. We had scaled up the commercial life of the monastery so much that we realised we would need to employ more staff from outside the community to help the monks run our activities," says Father Wetz.

Wetz, 36, is managing director of Monksoft Ltd, the trading arm of Belmont Abbey, the Benedictine monastery that sits in 30 acres on the southern outskirts of Hereford. Monksoft offers a range of activities, from discos to bed and breakfast accommodation.

The monastery school had closed in 1994 because of falling pupil numbers and since then times have been hard for the 45-strong Roman Catholic community.

"We are entirely self-supporting here. We have a large mid-Victorian building and church to maintain, chaplaincy work in several parts of the country, as well as supporting four of our community who live permanently in Peru, and other charitable ventures," says Wetz.



"Without the school it was extremely difficult to see how we were going to make ends meet. Drastic action was needed."

In 1992, when it was clear the school would eventually have to close - feeder schools were closing and fee-paying education was in decline, according to Wetz - the monks took the decision to scale up Monksoft, the dormant limited company set up in 1988 by one of the monks, Father Mark Jabale, to trade in the software he was writing at the time.

However, because of his other duties he did not have time to continue and by 1991 Monksoft was turning over virtually nothing.

The business was revived with the aid of a £55,000 loan from the trust which controls the abbey. (It has eight trustees, including Wetz and Jabale, and receives income from property and farmland it owns.) A year later, there was a loss of £226 on turnover of £57,000. In 1993, there was a profit of £936 on a turnover of £22,000.

After the school closed in 1994 the trust entered into a 21-year agreement with the Herefordshire Community Health Trust to lease the

four former school boarding houses as offices. This was financed by a £12m loan from the National Westminster Bank, secured against the buildings.

The former refectory of the school became a restaurant, patronised at lunch-time by health trust employees as well as people staying at the abbey guest house. Bed and breakfast business was expanded by the conversion of the former girls' dormitory. Other rooms formerly used by the school became conference rooms.

A programme of abbey tours was started, the religious retreat programme and religious education centre were expanded, as was the abbey shop, which sells souvenirs, religious artefacts and books. Contract printing work was undertaken in the print shop.

"Last year's loss came as a bit of a shock after we had traded reasonably successfully since 1992, and actually made a profit of more than £900 in 1993," says Wetz.

"However, it was expected. We knew that our cost base would rise a great deal as we

had to hire a catering manager and additional staff. We had also agreed to pay an increased rent of £18,000 to our landlords, the trust. We felt we should use up the full amount of gift aid we are allowed under the law, and there was also a lot of capital expenditure."

The catering manager and his staff took over some of the duties previously performed by monks. Out of a total community of 45, those permanently resident floats between 15 and 18. The remainder of the monks are serving in parishes in the UK and overseas.

"The only way to achieve a healthy profit eventually was to employ some professional full and part-time staff," says Wetz. "This was justified in the increased turnover. As more functions - discos, dances, wedding receptions and conferences - were held here the word got around locally that, far from being closed, Belmont Abbey was very much in business."

This commercial activity inevitably leads to problems. One is the shortage of bedrooms - there are nine twin rooms and 13 singles - which means it is impossible to hold large residential conferences.

But the main cause of tension is more ethical. Wetz explains: "We charge less for religious groups than we do for commercial bookings; the hospitality manager usually points out how much income we are losing."

"In these circumstances, we monks just have to stand

back and ask ourselves why we are here."

The activities are set against the background of a seven-day cycle of prayer and meditation that starts at 6.45am and incorporates four other short services in the working day, ending with compline at 8pm.

Apart from the three trainees - one postulant and two novices - all the monks play a full part in the commercial life of the monastery. Their roles vary from bookshop and guesthouse manager, to retreat master, accounts clerk, printer, tour manager and site maintenance.

Says Wetz: "Undoubtedly we should not have been able to continue as we have done had we not, as monks, all been unpaid. However, trading as a limited company has enabled us to make reasonable gross profits before paying rent and loan monies back to the trust."

"Despite last year's large loss we are now in a position to generate money to help the trust restore some of the reserves used up in the closure of the school when such costs as redundancy had to be paid to a total of 25 teachers and ancillary staff."

"Over the past seven months our sales have totalled £228,000. I am expecting a turnover of about £400,000 and profits of £20,000 by our year-end in August. We have proved this year that we can make real money."

Monksoft Ltd, Belmont Abbey, Hereford HR3 9RZ; 01432 277317

The Nature of Things

Microscopic tools of the trade

Lasers can now be used to grasp and pull the smallest objects, says Andrew Derrington

New uses for lasers are so exotic that they seem to blur the boundaries between science and science fiction.

Nobody would be surprised to hear that a laser can pack enough punch to destroy a ballistic missile. We know that these days it is a routine matter for surgeons to use lasers to perform delicate surgery for correcting short-sighted eyes. Lasers are at the heart of everyday devices for storing and retrieving computer data, video and audio signals and for transmitting them across fibre-optic networks.

Despite this increasing versatility, even scientists find it hard to believe that lasers can be used to grasp delicate objects only a micron (a millionth of a metre) in diameter and to spin them around. However, according to Miles Padgett of the School of Physics and Astronomy at the University of St Andrews, optical tweezers and optical spanners, as these laser-based devices are known, are already available and will be commonplace in the 21st century microscopist's toolbox.

The principle of the optical tweezers is breathtakingly simple. They work in the same way as a jet of water or of air, which can be used to push a ping-pong ball (or a sailing boat) about or to hold it against the force of gravity. As the moving jet hits the object it transfers some of its momentum, pushing against the object. Optical tweezers work by using a beam of laser light to push against the object they grasp.

The momentum in a moving jet depends on the speed of the particles and on their weight. A beam of light consists of a stream of photons moving at 300,000 kilometres per second. You cannot measure the weight of a photon, because it never stops moving. Nevertheless,

the photons in a beam of light have momentum that will be transferred to anything that refracts (bends) the beam, or reflects it. The trick of the optical tweezers is to arrange for beams of light to converge on a particle in such a way that the transfer of momentum from the light is just enough to hold it against the pull of gravity.

The first attempt to make optical tweezers, about 10 years ago, used two beams of light shining in opposite directions to trap a transparent sphere which reflected some of the light falling on it and refracted the rest, as would any transparent object. The forces generated on the

object were balanced. The optical spanner is a refinement of the optical tweezers developed by Padgett and his colleagues at St Andrews. The laser beam profile is modified so that the energy follows a corkscrew path. By varying the tightness of the corkscrew the object grasped by the laser beam can be made to spin with varying speed.

Another advantage of the optical spanner, which Padgett says may be more important than its ability to spin objects, is that it grips objects more firmly using less energy than optical tweezers. This reduces the risk that the energy in the laser beam will damage the object being grasped.

Optical spanners and tweezers make it possible to do miniature experiments that scientists could only dream about 10 years ago. Justin Molloy of the Department of Biology at the University of York uses optical tweezers to measure how much force actin and myosin, the proteins that drive muscle contractions, generate when they turn a single molecule of fuel.

To make the measurement he stretches a strand of actin between two plastic microspheres, each of which is held by optical tweezers. By measuring how far the microspheres move against the restraining force of the optical tweezers, Molloy can calculate the force that the muscle's molecular motor generates as it kicks over. This helps him to deduce details about how the motor works.

The force involved is absolutely tiny. One interaction generates approximately one piconewton, which is a millionth of the weight of an apple, says Molloy. In your muscles these forces add up so that hundreds of Newtons can be produced when you lift a sack of apples.

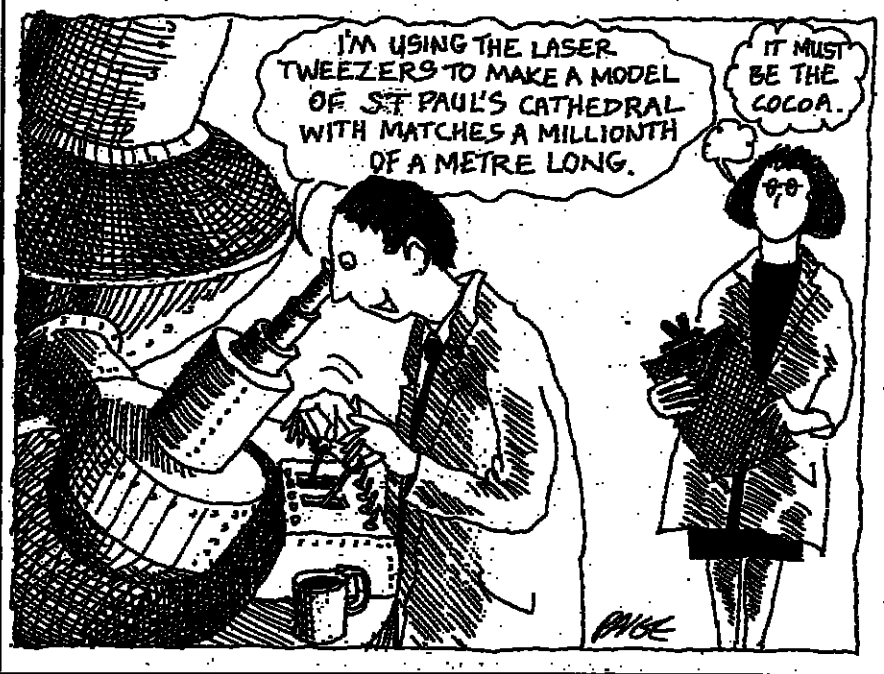
The author is professor of psychology at the University of Nottingham.

Optical tweezers use a single beam that converges very sharply

sphere by the reflection and refractions were just enough to hold it still and to resist the pull of gravity.

Modern optical tweezers use a single beam that converges very sharply, forming a flat cone with an angle of 140 degrees or more at its apex. The apex is centred on the object to be grasped, and the reflections and refractions generate just the right set of forces to hold the object firmly in the apex of the beam.

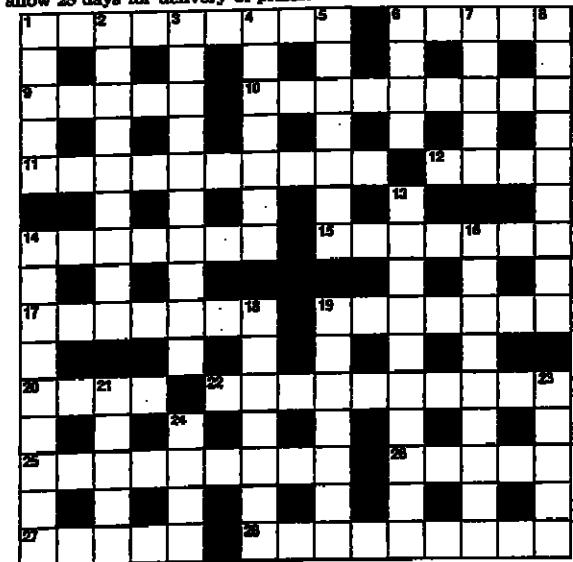
By one of those amazing pieces of good luck without which science would be impossible, a microscope lens causes the parallel beam of light emitted by a laser to converge in just the right way to form optical tweezers. This means that by shining the laser beam into a microscope from the side, and by moving it about with a motor, a scientist can use the same instrument to observe parti-



CROSSWORD

No. 9,407 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday July 2, marked Crossword 9,407 on the envelope, to the Financial Times, Number One South Bank Bridge, London SE1 9HL. Solution on Saturday July 5. Please allow 28 days for delivery of prizes.



WINNERS 9,395: Karen Netting, Weston under Penyard, Herefordshire; Kenneth W. Hargrove, Bude, Cornwall; R. Hunt, St Helens; R.D. King, Kirkcudbright; D.R. Barry, Southend-on-Sea.

ACROSS

- 1 Alpine skiing factory? (4-5)
- 2 Doctor taking tea or coffee (5)
- 3 Coming before a superior (5)
- 4 Buttery operating all over the place (6-3)
- 5 Not liking greens? That is disconcerting (3-7)
- 6 Plate at Newmarket or Oxford? (4)
- 7 Seabird cooked (7)
- 8 Affecting energy with mumpspring (7)
- 9 Firm in phone difficulty (5)
- 10 Sussex may be held in it (3-4)
- 11 Marred surface with a bunch of keys (7)
- 12 Leaning lead (4)
- 13 Last defender at Stamford Bridge? (10)
- 14 Current measures to impress matter perhaps (6)
- 15 Sailor in clobber or costume (5)
- 16 Violinist furthest from the bow? (5)
- 17 Cursing by holding lamps he put out (5)

Solution 9,406

MECHANICAL PLATE
A G A I O I
D R A M I N E A T I L E
A L E N E I N
A N I M A T I O N
I T S Y B I
A N N U A L S A L L E R G O
C A S I N O
C A S I N O
N O B A M O R S E S S E
A T A O T I N G A T
U N I O N I D I A T E
N A A E M G A
G R O W L D E S I G N E R S

DOWN

- 1 No original furniture in here, probably (5)
- 2 Leader of tribe that is daily found in links (9)
- 3 Firm belief in the novel (9)
- 4 These days, choose to be embraced (7)
- 5 Novice getting the Aintree trip (7)
- 6 Drinking vessels for pigeons (4)
- 7 Get out for a bit of air? (5)
- 8 Feel one's collar pinch? (9)
- 9 Small restaurant serving processed beans... (6-4)
- 10 ...but bamboo is cooked for these unconventional people (9)
- 11 Powerless Alpine cab out of control (9)
- 12 Saw wanderer in lead (7)
- 13 Eye-opener coming up over novel predicament (7)
- 14 There is often room for improvement where one works (5)
- 15 Tractable riparian, happiest in a boat (5)
- 16 Street article in France to take one's breath away (4)

Solution 9,395

B E H A V E Y O U R S E L F
U I T I
M A C O O M B E N C H M A R K
L E A D E R
N O V I C E
D R I N K I N G
C O M M O D I T Y
G L A S S E S
A T T E N T I O N
E Y E O P E N E R
H I G H W A Y
U N I O N I D I A T E
R E I D
A N T I C A S E S U N W R A P

Suit establishment is the key to successful declarer play. In any denomination, at whatever level, North-South, did well to reach game on the opening lead, and cash 4KQ. Now, he cashes 5AK. West shows out, which is bad news, but at least he does not hold the final trump. Declarer can now lead J4 from dummy and, if East does not cover, he can discard his diamond loser. When East plays his Q4, declarer ruffs, draws the final trump with dummy's A4, and discards red suit losers on his clubs, for an over-trick. If West had held a singleton club and three trumps, you would have gone down anyway.

The K4 lead was standard, but notice that if West had opted for a small heart, the defence can prevent the declarer from establishing clubs by the relatively rare play of forcing dummy. Once dummy ruffs the third round of hearts, he is reduced to two trumps and cannot use A4 as an entry. Unfortunately for the defence, declarer can simply return to hand with A4, ruff his last heart with A4, draw trumps and concede a diamond at the end.

North East South West
NB 1S NB
2C NB 2H NB
4S
South was correct to rebid his second suit, despite the poor quality as, playing a weak NT system, this guarantees 5-4 distribution in the two suits bid, building up a picture of the hand pattern. Unfortunately, his declarer play was less exemplary. He won K4 lead, drew all the trumps, took the club finesse which lost, and chalked up a minus score.

The percentage line is to

establish the club suit by ruffing it out, preserving an entry to dummy to enjoy the winners. To this end, declarer should win the opening lead, and cash 4KQ. Now, he cashes 5AK. West shows out, which is bad news, but at least he does not hold the final trump. Declarer can now lead J4 from dummy and, if East does not cover, he can discard his diamond loser. When East plays his Q4, declarer ruffs, draws the final trump with dummy's A4, and discards red suit losers on his clubs, for an over-trick. If West had held a singleton club and three trumps, you would have gone down anyway.

Paul Mendelson

BRIDGE

CHESS

London's newest chess competition, the Martell Trophy mainly for gentlemen's clubs, might sound a pale version of the long-running Eastman Cup reviewed last week. But the Martell's second year has been highly successful, with an increased entry of 19 teams, several of them fielding grandmasters and masters.

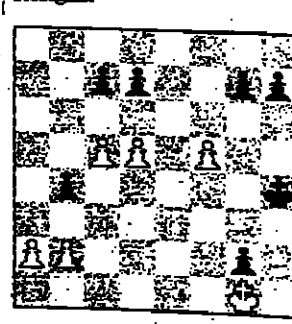
A century ago Simpson's in-the-Strand was the centre of London chess, and its restaurant still displays a board and men used by immortals like Morphy, Staunton and Steinitz. On June 30, Simpson's will host the Martell final when its team, which includes three IMs, seems sure to win against the amateurs of Hurlingham B. Seeded pairings and a preliminary round might be appropriate next year.

The sponsors have provided free cones for every match, though most results have been predictable as the masters have drawn quickly with each other and overwhelmed inexperienced opponents.

This win is a polished essay in space control against a passive opponent, and in my view the judges were pernickety in awarding it only the "first prize" of a "merit award". Instead of a

best game prize. See what you think (D Jones, Oxford & Cambridge v C Witt, RAC B, King's Indian Defence).

1 NB N2 2 g3 g6 3 Bg2 Bg7 4 c4 d5 5 Nc3 e5 6 d4 7 d5 e5 8 Bf4 Nf5 9 Bg5 Nf6 10 Qd2 Re8 11 Bg5 Qd6 12 e5 Qf8 13 b4 Nbd7 14 Bf4 Kh5 15 Bg5 Qg8 16 Ne5 Bb5 17 Bxf3 Qxf3 18 a4 Nxe5 19 dxe5 Nd7 20 Qd4 Qe7 21 f4 f6 22 exf6 Nxf6 23 e4 e5 24 fxe5 Ng4 25 exd5 Nxe5 26 Rad1 Bg4 27 Rd2 cxd5 28 Qxd5 Be6 29 Qxb7 Qb6 30 Qe4 Bc4 31 Qf4 Qxf4 32 Rxf4 Rad8 33 Rxd8 Rxd8 34 Bf1 Bxf1 35 Kxf1 Nd5 36 Re4 Rb8+ 37 Ke2 Nf2 38 Rf4 Rxf4 39 gxf4 Ng4 40 c6 Resigns.



No 1185
A very tricky pawn endgame; can you find White's only way to win?
Solution back page

Leonard Barden

PERSPECTIVES

With both eyes on the human condition

Andrew Jack meets Abbé Pierre, the living saint of France, who was forced to retreat from the limelight of national controversy

The most trusted man in France looks exactly as you would expect him to. He has wise eyes, a high forehead and a fluffy, white beard. His possessions – largely cerebral or religious – surround him in a single cramped room, and he is dressed in a rough-hewn brown cassock.

Abbé Pierre may live in a retirement home tucked away in a tiny Normandy village, but at 84 he remains intensely active: speaking out on French television to defend the rights of immigrants threatened with expulsion, or travelling

'The message is always the same. You will only find peace if you serve the poor first'

abroad in his role as the guiding light for the international humanitarian organisation Emmaüs. Even if he says he would now rather act more distantly as its "grandfather and not the stepmother".

He may have entered a Capuchin monastic order in his late teens, but Abbé Pierre is no intellectual Christian devotee who believes in a life of contemplation isolated from the world around him.

He was elected a deputy in the National Assembly after

the second world war, and he helped create a huge public mobilisation in winter 1954 which led to an emergency FF10bn housing construction programme funded by an unwilling government.

Most notably, he set up Emmaüs, inspired by a story in the Gospel of Luke about two disciples of the prophet of the same name, who fled Jerusalem in despair after the death of Christ. His first "wounded eagles" included a suicidal man to whom he gave "a reason to live" by asking him to help build houses for the least advantaged.

The organisation now has 350 centres around the world for 4,000 often extremely poor people living in communities – regardless of their religious beliefs – who share their resources and live without state subsidies. They often gather and sell scrap materials to earn a modest living, an activity that is both humbling and serves as a critique on the wastefulness of contemporary society.

So what is his view on the new left-wing government? "Whoever is in charge, the same problems exist and there are unpleasant decisions to be taken," he says. "France has become one of the countries that has grown in prosperity over the last 100 years while leaving a large number on the side of the road."

He argues that the modern world is "condemned to three realities". The growing power of the media and the ability to travel rapidly means that "civilised people can no longer say 'we didn't know'" in response to crises around the world. Developed countries will no longer be

able to escape the obligation to share resources to reduce unemployment, notably by reducing working hours. And societies increasingly face "the problem of enormous free time".

He cites sadly the case of a group of youths in France who last year set light to a homeless man and killed him. "If you have no future, no hope, no job, are forced to live with your parents, and you are surrounded by concrete cities, you can only go mad," he says.

His latest projects to help tackle the problems of inner-city delinquency and despair include youth theatre, sports

events and the provision of grants to help children travel across Europe, seeing the countryside and meeting people from other countries.

But how can someone who has been exposed to so much human misery be entirely convinced about the existence of God? "We have two eyes," he replies. "You have to have the courage to keep one open to the horrors of human crimes and natural disasters. But you have to be honest and keep the second eye open to the marvels of the world: a baby's smile, the joy of a young couple, the stars, the glaciers and the forests."

He recreates on his face the wonder he said he felt aged eight when, having been brought up in Lyon, the failure of the city's gas lamps one evening and a chance glance skywards revealed to him for the first time the beauty of the stars.

Abbé Pierre was certainly France's nearest equivalent to a living saint until about a year ago, acting as the nation's conscience and arranging meetings with top politicians on matters of moral concern.

Then, in spring 1996, he found himself propelled into a debate blown out of all proportion by a press that was

restless during a period of relative inactivity. As someone who had learnt how to cultivate the media and use it for his multiple crusades – and being elevated high on a pedestal in the process – he suddenly found himself the focus of intense criticism.

His "crime" was to have written a letter supporting his friend Roger Garaudy, a French intellectual who had moved over the years from communism to Catholicism to Islam, and who in his latest incarnation had written a book liberally sprinkled with anti-Semitism and printed by an extreme right-wing publisher.

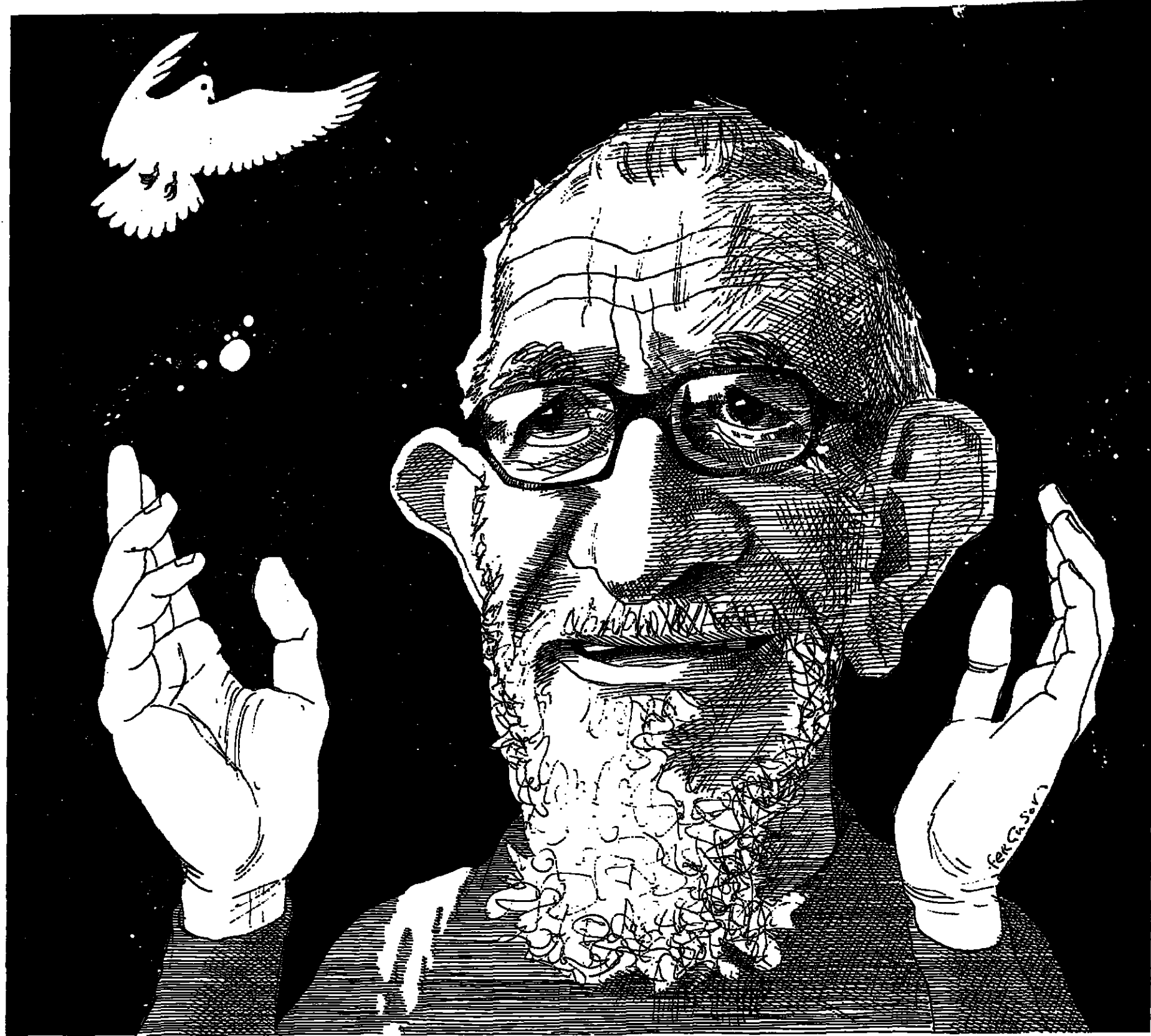
Garaudy is facing trial for the crime of negating the Holocaust in the book, published in 1995. In the same five-page letter, Abbé Pierre criticised the "suicidal" policies of the modern state of Israel, and raised questions about the reliability of the estimates of the number of Jews murdered in the Holocaust – stressing that he would grieve even if the figures were lower than reported.

He went into hiding for a long time afterwards. But it is clear that the debate has left him traumatised. His conversation is scattered with references to his friend-

ship with, help towards and empathy with the Jews.

So is his new book, *Memoir of a Believer*, even if when asked to summarise the single most important lesson it contains, he responds simply: "The message is always the same. You will only find peace if you serve the poor first."

Abbé Pierre's reputation may have given him a responsibility that he neglected, in what he admits was "an imprudent and overly hasty" effort to express himself in a single letter on a complex mix of political, religious and personal questions.



Handover through a haze of opium

John Ridding finds China marking the return of Hong Kong with patriotic films, computer games and dances

With an impassioned speech and a tantalising promise, Denton gestured towards an ornate Chinese vase. "Like the great Qing dynasty it represents, it is filled with nothing but self-importance," the *taipan* told his parliamentary audience. "One touch and it will shatter," he added, knocking the vessel to the ground. As the pieces scattered, he turned to the benches: "This is the China I offer you."

So started the 19th century Opium War, a series of one-sided skirmishes which led to Britain's acquisition of Hong Kong. At least, that is how it happened in *Opium War*, the movie, a barstaring epic released last week to mark the territory's return after 156 years under the Union Jack flag.

The film – at \$12m, the most expensive ever produced in China – will be screened in more than 1,000 cinemas across the mainland and Hong Kong. It is the

most lavish of many recent reminders of the colony's ignominious roots. And it will add to a thickening haze of opium through which many Chinese will view Britain's withdrawal.

Apart from the film, there are Opium War amusement parks, museums and even computer games. The Optical Memory National Engineering Research Centre of Qinghua University in Beijing has been developing an Opium War game as part of a patriotic series.

Last weekend, crowds from the mainland and Hong Kong watched as opium was burned in the PEARL RIVER Delta town of Humen during a ceremony commemorating the destruction of 20,000 cases of the drug and the outbreak of the Sino-British war. Dance troupes, from Beijing to the border

boomtown of Shenzhen, are rehearsing Opium War routines for handover extravaganzas from July 1.

This orchestration is not accidental. The Opium war provides fertile ground for China's propaganda machine

'The mainland is trying to rewrite the history of Hong Kong'

as it prepares for the transfer of sovereignty. "China's backwardness and decadence caused its defeat in the Opium war," says Xie Jin, the movie's director. While he insists he has not made propaganda, his

message echoes that of Beijing, always pleased to play the victim in international theatre.

Modern technology and the "open door" policy has at least helped China make more credible films. In the past, the cinematic sacking of the Summer Palace by British troops under Lord Elgin was played out by Chinese actors with badly glued ginger beards, as there were not enough east European diplomats to make up the cast.

As with the vase shattered on celluloid, Qing dynasty China was fragile. "The war showed that you have to be united and have advanced technology or you will be vulnerable," said a Hong Kong movie-goer. "If you are weak you will not prosper."

That is not all it shows, nor all the purposes it serves. A cautionary tale of

corruption, it has contemporary relevance alongside Chinese president Jiang Zemin's crusade for "spiritual values". As a stick to beat the British as they hand over their eastern colony, the 19th century is hard to equal. Drug dealers have never been fashionable.

Xie insists he does not want to thump the British. "That is a superficial view. The important thing is to give a true story." So far, he argues, Hong Kong people have seen a distorted picture in which the Opium war was portrayed as a trade conflict between British commercial interests and a protectionist China. His movie, he believes, is no different from other historical epics.

"Schindler's List" was about the Holocaust. But that was not considered anti-German propaganda."

Although the director

criticises Britain for failing to acknowledge its 19th century guilt, comparing its stance with Japan's after the second world war, Xie says his film shows "certain morally upright aspects of the British".

Opium War, the movie, is the most expensive film China has produced

He cites the parliamentary debate, and the narrow margin in favour of war. The film is also careful to avoid specific targets. Instead of Jardine or Matheson, still operating in the colony, he picks fictional names for the

opium traders of the time.

Such careful handling reflects a desire by Xie, and by China, to stir patriotic sentiment without prompting an anti-British backlash. Like opium, nationalistic fervour requires careful handling. Beijing is anxious to avoid undermining international confidence in its newly acquired business city.

For T. K. Leung, professor of comparative literature at Hong Kong University, there is little to worry about on that score. "Hong Kong people are too cynical to accept propaganda," he says.

Similarly, Martin Lee, leader of the Democratic party, sees little chance of an anti-British backlash. He believes that partly reflects Hong Kong's role as a refuge from the mainland and fears that Beijing's heavy hand will become more apparent

once the territory is back in the fold.

But, for Leung and others in Hong Kong's cultural community, there are dangers. "The mainland is trying to rewrite the history of Hong Kong," says the professor.

Apart from the *Opium War*, he cites artistic and archaeological studies which portray Hong Kong as a bustling community before the arrival of the British.

The aim is to shed the image of "a barren island", as dismissed by Lord Palmerston, and so reduce the British contribution.

"The annals of history are evidence that Hong Kong has been Chinese since ancient times," declared the People's Daily this week, citing the 36 prefectures – one of which administered Hong Kong – established by the Emperor Qin Shihuang in 221BC. "More than 100 years of colonial rule is just a flash. Chinese blood and arteries forever joined together is history's inevitable result."

FT Weekend Competitions

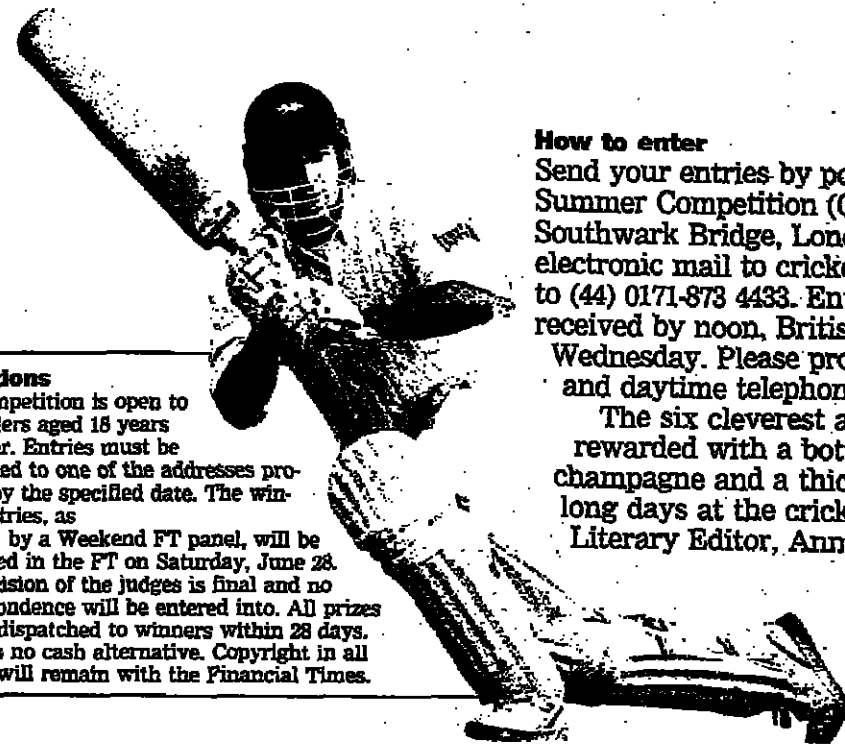
For eight weeks from today, the solstice, we are inviting you to play a role in the most important seasonal sporting events, whether it be improving the rules of cricket or ensuring that someone other than a big server wins Wimbledon.

Each week we will be offering prizes and at the end of the two months, the weekly winners, plus entrants who have displayed consistent wit and originality, will be eligible for the competition to end

all competitions, based on Fake, Michael Thompson-Noel's summer mystery. At the end of it all, two winners will each receive two business class return tickets for air travel within Europe, courtesy of Lufthansa.

COMPETITION ONE: Cricket Cricket is a fascinating game, but the complexity of its rules denies non-playing nations access to the subtle and sustained pleasures of a five-day Test match. Multi-coloured clothes have been tried, pop songs accompany players to the pitch in the Antipodes, and there is talk of matches next year at Disneyworld. But what single rule change or glorious gimmick would make cricket the most popular game in the world?

Conditions The competition is open to FT readers aged 16 years and over. Entries must be submitted to one of the addresses provided, by the specified date. The winning entries, as selected by a Weekend FT panel, will be published in the FT on Saturday, June 28. The decision of the judges is final and no correspondence will be entered into. All prizes will be dispatched to winners within 28 days. There is no cash alternative. Copyright in all entries will remain with the Financial Times.



How to enter

Send your entries by post to Weekend FT, Summer Competition (Cricket), One Southwark Bridge, London SE1 9HL, or by electronic mail to cricket@ft.com or by fax to (44) 0171-873 4433. Entries must be received by noon, British Summer Time, on Wednesday. Please provide name, address and daytime telephone number.

The six cleverest answers will be rewarded with a bottle of pink champagne and a thick book, suitable for long days at the cricket, chosen by our Literary Editor, Annalena McAfee.

BOOKS

Plain facts – the selective truth

Deconstruction may be all the rage, but history provides the raw material, argues Nigel Spivey

Eric Hobsbawm believes in facts. That an esteemed historian should have to declare this belief may seem absurd. But in 1992 Cambridge University conferred an honorary degree upon the master of "deconstruction", Jacques Derrida: a fair sign, then, that facts are academically out of fashion.

There will be a time when teachers of history are expected once more to scratch on their blackboards the order of battle at Trafalgar. But not yet, while the truth is still deemed as just another "construct".

Though he does not admit it, Hobsbawm must concede some virtue in the trend to deconstruct. He himself has served as high priest of deconstructing the "traditions" of modern nationalism, and revealing them for the partisan fabrications they are. As he points out here, "history is the raw material for nationalist or ethnic or fundamen-

tal ideologies, as poppies are the raw material for heroin addiction".

According to Hobsbawm's view of the historian's vocation, however, absolute truths can be established in the record of the past. For him, the historian is a detective who burrows for evidence overlooked, forgotten, or deliberately obscured. This evidence constitutes facts. It can be forensically tested, and ordered into figures, statistics, dates. Then such close attention can be capped by the synoptic vision of the historian as interpreter – whose task it is to tell us why our world transformed as it did.

Seems reasonable enough. But in this collection of essays and lectures covering 30 years, Hobsbawm has constantly to keep his guard up on the "supremacy of evidence" issue. Throughout that period have lurked those who would doggedly target his premises. Derrida himself has recently spoken of "archive fever" (*mal d'archive*), and

explored the presuppositions of information storage in societies past and present. In archive assemblage, selection processes are never far away, giving Derrida the angle of subjectivity he needs for critique.

It is a weakness of Hobsbawm's stance that he never seriously

ON HISTORY
by Eric Hobsbawm
Weidenfeld & Nicolson £20, 305 pages

engages with his deconstructionist opponents here, preferring the commonsensical brush-off ("Rome defeated and destroyed Carthage in the Punic Wars, not the other way round"). This knockabout style may draw cheers in the lecture hall: it fails to prevail upon reflection. In the case of Carthage, for instance, a deconstructionist might reasonably point out that our received wisdom about the Punic Wars comes chiefly from Roman or

pro-Roman writers. But perhaps an 84-year-old master of his profession is allowed a *crê de cœur*. And it is not as if Hobsbawm would conceal his own ideological bias. His membership of the Communist Party was no secret; his Marxist motivation for writing history has always been admitted. As a Marxist, he must necessarily create his history from economic materialism – "empirically given circumstances", as Marx phrased it – and chart the progress of the class struggle.

That is his grand narrative aim. Its sweep may be gauged by the following catalogue of factors invoked as materialist explanations of "massive social and cultural transformations" since 1950: the decline of the peasantry; crisis in the Catholic church; rock'n'roll; collapse of Communism; bankruptcy of avant-garde movement; scientific fascination with Big Bang; decline of puritan work ethic and parliamentary govern-

ment; and (wait for it) "the unusually full coverage of the arts in, of all newspapers, the London Financial Times".

This is what the history-reading public wants: decipherment, shows of lateral thinking, data analysis. The resemblance Hobsbawm mentions on several occasions between history and the law-courts is telling. Mysteries remain from the past, and it is the historian's duty to solve them. Very few of us would dismiss history as a fool's obsession with "the rear-mirror view" (as Bill Gates and other futurists do); nor can many accept Francis Fukuyama's insistence that the twin triumphs of capitalism and democracy have brought an end to history. We need a comprehensible genealogy of ourselves. Though Hobsbawm has been billed a "radical", and slips easily into finger-wagging mode, he is essentially in the business of giving us what we crave: self-knowledge, and the comforting certitude of "facts".



Self-portrait: Turner, the man, was a muddle of contradictions

Secrets from the studio

Susan Moore reviews two new biographies of J.M.W. Turner

Rather like the animals going into the ark, biographers of Joseph Mallord William Turner seem to come two by two. There were Cosmo Monkhouse and P.G. Hamerton in 1879; Falk and Finberg followed in 1938/39 and now, after a further 60 years, Anthony Bailey and James Hamilton step forward with Lives.

The challenge of Turner as a subject is immense – and not only because he is one of the few British artists with a claim to genius. Turner the man is an enigma, a muddle of contradictions, and little documentation is left. The correspondence of his three great friendships – with Henry Scott Trenchard, patrons Walker Fawkes and Lord Egremont – was destroyed by their descendants. What papers survived the mice and mildew of the artist's Queen Anne Street gallery appear to have been burnt – as, famously, were the "grossly obscene" drawings which Ruskin, his self-appointed champion, encountered as executor.

Added to this is Turner's own obsessive secrecy. As a respectable Royal Academician, he had a lot to be discreet about – his humble Covent Garden barber-shop home presided over by a mother of "ungovernable temper" whom he left to rot in the madhouse of Bedlam; various unorthodox domestic arrangements and two natural daughters.

Hardly a soul knew of the double life of his declining years, living as the apparently penurious "Admiral" Booth down on the river at World's End in Chelsea with the illiterate landlady he had brought up to town from Margate.

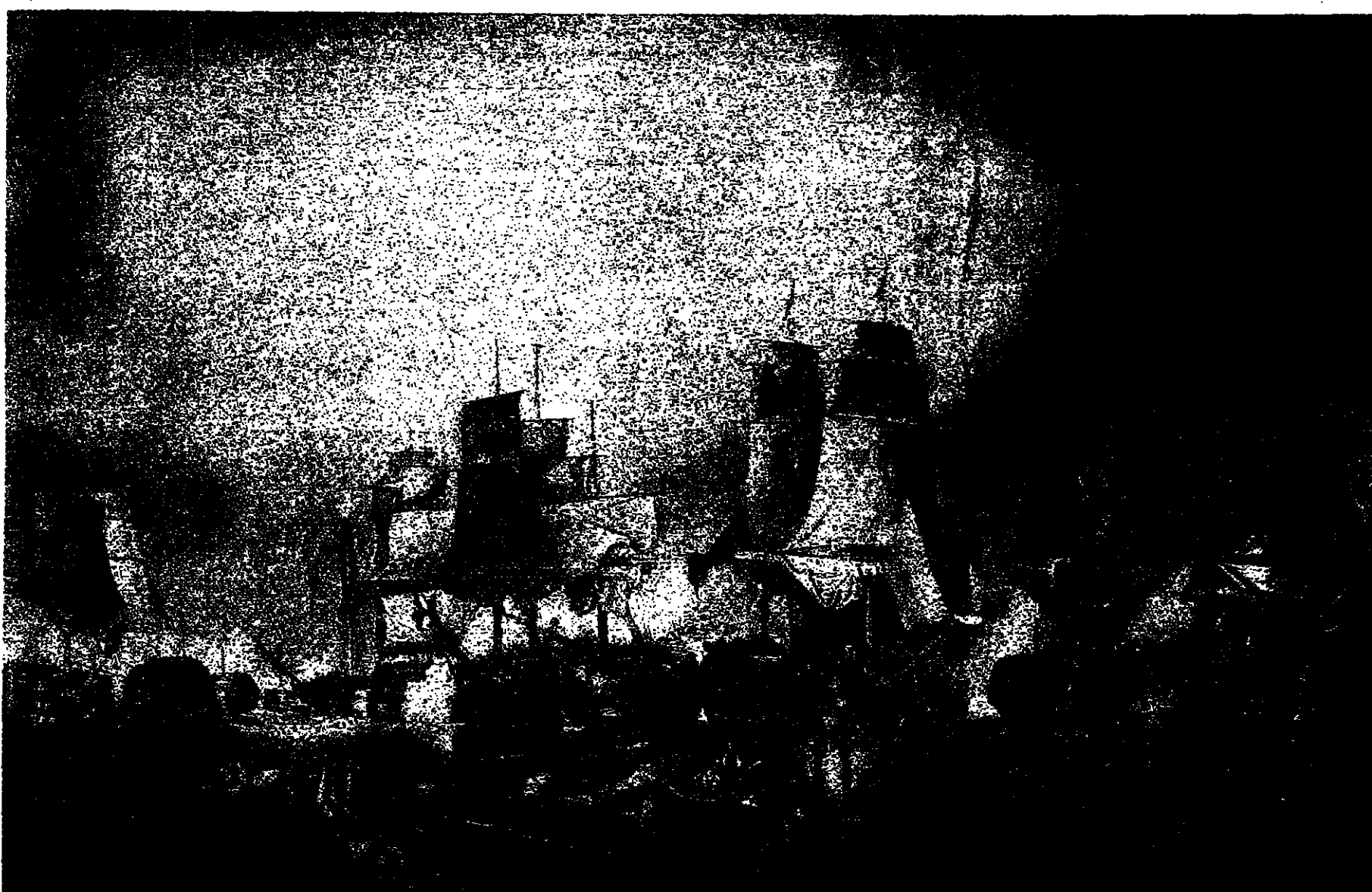
It is little wonder that Walter Thornbury, Turner's contemporary and first biographer – and a journalist who recognised a good story when he saw one – filled in the biographical gaps with gossip and a generous helping of fictional colour.

Bailey and Hamilton have striven to unravel fact and fiction. Both have researched their subject thoroughly, uncovering some new facts, synthesising the old, and making good use of the scribbled notes in the sketchbooks – of names and dates, itineraries (and more intimate liaisons, income and expenditure, lines of poetry, even medical treatments).

Hamilton paints a plausible picture of Turner as a driven man: hardworking, ambitious, confident of his abilities and fully aware of how he had to proceed to raise himself in the world. He sought not only professional recognition, which came early, but material success. He proved a canny self-publicist and a hard-headed businessman, his financial acumen also serving his beloved Royal Academy. When he died in 1831, his estate was worth the equivalent today of around £5.5m.

Far less convincing is the resurrecting art of the essayist, "to convey the essential facts of a man's life and to explore the nature of his gifts." In doing so, he allows one to glimpse a little more of him, and of his moments of self-doubt, than he ever did before.

Whereas his other works dazzled one with their seemingly effortless virtuosity, the peacock-bold brilliance of his prose style and the remarkable acuity of their judgments (when Tynan wrote that Dietrich "had sex but no particular gender", or that Charles Laughton resembles "a fish standing on its tail", or that Alec Guinness brings to mind the image of "a slightly tipsy monk" whose demeanour implies "the presence of little fixed ideas gambling about behind the deferential mask of normality", one really did see through sharper eyes). *Show People's* appeal is more subtle and suggestive. It had never been difficult to admire Tynan's ability as a critic, but this last book made it easier for one to like him as a person and, after rereading it now, to miss him as a presence.



'The Battle of Trafalgar' by William Clarkson Stanfield: historical fact or subjective interpretation?

Blackman Library

The view from Europe

Lionel Barber welcomes an attempt to clarify the Euro-debate

Europe intrudes in our daily lives in a way unimaginable a decade ago. Put aside those fanciful tabloid stories about the straight banana or the standard Euro-condom; the truth is more arresting.

Governments can stand or fall on their European policy. Co-operation among the 15 member states of the European Union has become a matter of habit. Ministers jet in and out of Brussels every week. Hundreds of meetings take place every day on issues ranging from rum import quotas for the Caribbean, reconstruction in Bosnia, or sex discrimination in the workplace.

This is the routine stuff. In the next two years, the EU is poised to embark on two historic projects: the launch of a single currency on January 1, 1999, and enlargement of the Union to the former

communist countries of central and eastern Europe.

The paradox about the EU is that it has developed so far, so fast without its workings being properly understood by the public. As the authors of this timely volume point out the union's institutions and decision-making appear to outsiders like an impenetrable labyrinth. The same can be said of much of the academic literature.

Peter Gowan, principal lecturer in European politics at the University of North London, and Perry Anderson, professor of History at UCLA in California, have made a brave attempt to break with tradition. This collection of

essays includes contributions from the Right and the Left, from Euro-sceps and Euro-philles, and, more important, from across Europe.

THE QUESTION OF EUROPE
edited by Peter Gowan and Perry Anderson
Verso £40, 399 pages

Readers will enjoy Conor Cruise O'Brien's elegant exposition of the view that Europe is a cockpit of national rivalries, with the skilful French rider trying to control the powerful German

horse. Karl Lamers, the German CDU foreign policy guru, reproduces his provocative 1994 paper calling for France and Germany to create an elite EU grouping built around monetary union. Tommaso Padoa-Schioppa, one of the intellectual godfathers of the Euro project, offers a reasonable argument that Euro membership is within Italy's reach. Wynne Godley, the Cambridge academic, offers a withering critique of the notion that macro-economic policy can be run by an independent central bank in Frankfurt, without some political counterweight.

This is precisely the argument which the new

Left-wing government in France has advanced. The Bundesbank, too, has pressed the case for a genuine "political union" to accompany Euro, but the meagre results of this week's EU summit will underline how far the federalists have lost ground to the defenders of the nation state.

Of course, if the single currency goes ahead on schedule and proves workable, it may well be the catalyst for further political integration. Certainly, this is Chancellor Kohl's bet.

Alan Milward argues powerfully that the surrender of sovereignty has been a choice of national governments ever since the four-

ing treaty of Rome, in effect "rescuing" the nation state after the second world war; but he warns that once governments cede "core" areas of national sovereignty – like the control over money – success will depend on a clear analysis of costs and benefits.

Here again we come back to the question of public opinion. Have the French and German political elites, whose commitment to Euro is beyond doubt, been honest about the risks the project entails? Is Euro the right priority, or is Timothy Garton Ash right in arguing that consolidating the peace in central and eastern Europe is more important?

This book is occasionally uneven, and not always accessible to ordinary readers. But it is a welcome antidote to the ignorance and prejudice which often characterises the Euro-debate.

Rereading/Graham McCann

A critic bares his soul

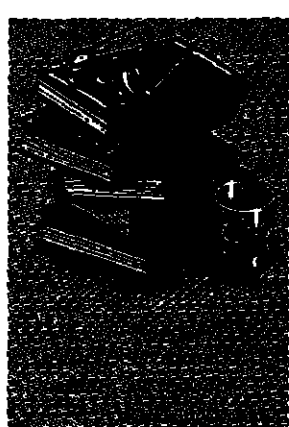
In 1976, Kenneth Tynan received an invitation from William Shawin, editor of the New Yorker magazine, to research and write six celebrity profiles, of between 4,000 to 10,000 words in length, within a 12-month period. He accepted immediately with enthusiasm: this, he said, was his chance to "go a couple of rounds" with the likes of Montaigne, Hazlitt, La Bruyère and Saint-Beuve. The more cautious and courtly Shawin, who had more in common with Henry James than Henry Miller (the revised Tynan's first review for the magazine so that "pissot" was rendered as "a circular kerbside construction"), suggested Charles Lamb as a more suitable first opponent. Ill-health, combined with financial difficulties,

delayed the completion of the project, but, when the pieces were published eventually in book form in 1980 as *Show People: Profiles in Entertainment*, they elicited the warmest reviews Tynan had ever experienced. They were also, alas, his last – he died a few months later, aged 53 ("He was just a boy", said Shawin).

Each profile – of, respectively, Ralph Richardson, Tom Stoppard, Mel Brooks, Johnny Carson and Louise Brooks – acts, on rereading, as a powerful reminder of what a rare talent the author was. Take, for example, his sly critique of Johnny Carson, which ought to be made compulsory reading for today's more deferential profile writers. Tynan recalls an occasion when Carson, attending a function at Harvard University, found himself having the eternal simplicities of Aristotle's view of the good

life explained to him by a classics scholar. "He's out of touch with the real world", grumbled Carson after the professor had departed, provoking the rhetorical question from Tynan: "By what criteria can Carson's world be said to be closer to Aristotle's?" Not many of Tynan's successors would think of posing such a question, and fewer still, one suspects, would know how to answer it.

The extraordinary chapter on the silent screen star Louise Brooks is memorable for another reason. Tynan had been infatuated with her screen persona ever since he saw her in G.W. Pabst's classic *Pandora's Box* (recording in his journal that she was "the only star actress I can imagine either being enslaved by or wanting to enslave"), but he had assumed that she was long dead. A chance sighting of



one of her movies on television, however, prompted him to make some inquiries. He discovered that she was still alive, 71-years-old, virtually bedridden with degenerative osteoarthritis of the hip, living the life of a recluse in a tiny two-room apartment in Rochester. What followed sounds like a cross between *Sunset Boulevard* and *The*

Aspern Papers: he wrote to her, she refused politely to see him; he persisted; they wrote each other fan letters; she started calling him on the telephone; and, at long last, she consented to a visit. "You're doing a terrible thing to me", she told him as he entered her apartment. "I've been killing myself off for 30 years and you're going to bring me back to life."

What is particularly striking about all of these profiles is their unexpected air of vulnerability. Tynan, reinventing himself as a "middle-distance man" after years of success as a "literary sprinter", never seems entirely sure of how best to structure each piece, finding himself, as he puts it in his foreword, "striving for something that had neither 'the comprehensive detail of a biography' nor 'the epigrammatic brevity of a thumbnail sketch', but still managed, through

resurrecting the unfashionable art of the essayist, "to convey the essential facts of a man's life and to explore the nature of his gifts." In doing so, he allows one to glimpse a little more of him, and of his moments of self-doubt, than he ever did before.

Whereas his other works dazzled one with their seemingly effortless virtuosity, the peacock-bold brilliance of his prose style and the remarkable acuity of their judgments (when Tynan wrote that Dietrich "had sex but no particular gender", or that Charles Laughton resembles "a fish standing on its tail", or that Alec Guinness brings to mind the image of "a slightly tipsy monk" whose demeanour implies "the presence of little fixed ideas gambling about behind the deferential mask of normality", one really did see through sharper eyes). *Show People's* appeal is more subtle and suggestive. It had never been difficult to admire Tynan's ability as a critic, but this last book made it easier for one to like him as a person and, after rereading it now, to miss him as a presence.

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BOOKS

The *Memory Wars* is a compilation of two essays which appeared originally in *The New York Review of Books*. "The Unknown Freud" dating from 1992, ostensibly a review of James L. Rice's *Freud's Russia*, is in fact an extended review of new material on Freud that has appeared since the late 1970s. This material provides an account of Freud that is seriously at odds with the widely touted image of benevolent sage. "The Revenge of the Repressed", published in 1994, addresses issues raised by instances of apparent recovery of long lost memories involving childhood sexual abuse.

Both essays are damning and echo the sentiments of Sir Peter Medawar that psychoanalysis constitutes the greatest intellectual con job of the 20th century. The essays generated an unprecedented level of correspondence, mainly hostile, some of which is reproduced here. Even the most generous reading of the latter confirms the worst fears, raised by Crews, concerning the scientific credentials of the psychoanalytic movement.

Freudian psychoanalysis presents us with a theory of mind, an account of the genesis of mental illness and a method of psychological treatment. Its rapid spread to become the dominant idiom for discussion of personality and human relations is often assumed to be sufficient vindication of its central claims. This rapid propagation led anthropologist Ernest Gellner to comment that there was nothing like it since the spread of the potato. We need to remind ourselves that this century has been fertile soil for a multitude of all-embracing ideologies that have offered their own proprietary versions of salvation.

"The Unknown Freud" reveals that Freud was susceptible to fitting facts to theory. Nowadays this would be tantamount to scientific fraud. Freud also displayed a cruel disregard for his clients. Take the case of his patient Emma Eckstein, operated upon by his crackpot friend Wilhelm Fliess for "nasal reflex neurosis". Unfortunately, Fliess left a half-metre of gauze in her nose resulting in a foul and bloody discharge which the ever astute Freud subsequently attributed to her "bleeding for love" of himself. In this light, it is difficult to explain how Freud has escaped the intellectual bashing that has befallen someone like Sir Cyril Burt (who may or may not have fabricated his genetic data on inheritance).

The most famous cure in psychoanalytic lore is the case of Sergei Pankeev, known as the Wolf Man. This case is to Freud as Lazarus is to Jesus. It



Where repression lies, suggestion is never far behind: Richard Boone and Eleanor Parker in the 1957 film, 'Lizzie'.

The great intellectual con

Self-perpetuation has been psychoanalysis's only achievement, argues Raymond J. Dolan

derives its name from Pankeev's dream of white wolves sitting in a tree outside his window. This Freud interpreted as a symbolic disguise for a partially recovered memory of seeing his parents copulate, doggy-style, when Pankeev was at the impressionable age of one. Pankeev's analysis has been trumpeted as both a cure and a vindication of the central assumptions of psychoanalysis. However, when interviewed by an Austrian journalist in the late 1970s Pankeev admitted to having lived a lonely and tortured existence. In his own words, "the whole thing looks like a catastrophe. I am in the same state as when I first came to Freud, and Freud is no more". Echoes here of Karl Kraus's satirical comment that psychoanalysis had become the very illness which it claimed to cure.

A central plank in Freudian theory is the concept of repression. At its simplest

this refers to a psychological mechanism by which unacceptable ideas, impulses and memories can be shielded from conscious awareness. It is contended that the unconscious mind can be both wilful and devious in finding expression for repressed material. The return of the repressed memory may find expression in the symbolic guise of dreams or as neurotic manifestations.

So-called recovered memory syndrome, the subject of the second of Crews's compelling essays, involves repressed memories from childhood reappearing uncensored and undisguised in adulthood. The common theme of these recovered memories is alleged early childhood sexual abuse. Crews points out that psychoanalysis or psychotherapy provide the common milieu for recovery of these types of memory. We are also left in no doubt that therapists who believe in the

phenomenon are more likely to elicit these repressed memories. In other words where repression lies, suggestion is never far behind.

The ramifications of recovered memories are disturbing in the extreme, and none more so than in the case of Eileen Lipsker. In 1989, dur-

THE MEMORY WARS
by Frederick Crews
Granta £9.99, 320 pages

ing therapy, she recovered a 20-year-old memory involving the vivid recollection of her father, in her presence, raping and murdering her eight-year-old best friend. Her father was subsequently brought to trial and, despite no other evidence, now languishes in prison with a life sentence.

This account also highlights the inordinate influence of expert witnesses, within the psychotherapy fraternity, who played a cru-

cial role in convincing the jury that Eileen Lipsker's account was entirely believable. Many of these experts believe, on the sole basis of their anecdotal clinical experience, that recovery of autobiographical fact from as early as the first year of life is possible. Yet empirical research clearly demonstrates that memory is a psychological process prone to editing, interpolation as well as contamination by subsequent events. It is also evident that the very neural machinery necessary for autobiographical memory is not in place until much later than the first few years of childhood. Somehow, perhaps themselves contaminated by the climate of opinion created by psychoanalysis, seem willing to be persuaded by strongly held beliefs rather than empirical fact.

In his poem "In Memory of Sigmund Freud", W.H. Auden remarked that Freud:

"wasn't clever at all: he merely told The unhappy Present to recite the Past like a poetry lesson till sooner or later it faltered at the line where Long ago the accusations had begun". Like many of his era, Auden was more than generous about Freud. Now, 100 years after the earliest inventions of psychoanalysis, a colder critical eye appraises the entire legacy of ideas. Great scientific ideas invariably break free of their humble beginnings to inform a wide range of human enterprise. The greatest indictment of psychoanalysis is that its only indisputable achievement has been its organisational self-perpetuation, while its influence on serious psychological theories of mental structure can be rated as approximately zero.

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Heroes and geniuses

At the beginning of this century Ludwig Boltzmann told his physics students that the new science of aviation needed recruits who were both geniuses and heroes. He was right: it took heroism to risk one's neck in the flimsy craft that first ventured the skies; and it required genius to discover the principles of aerodynamics. But within a few years aviation had become the occupation of ordinary mortals, who, as the "Brave Aviator" lyric informs us, understood twice as much and the maximum angle of glide as well as any physicist.

Boltzmann's remark does, however, apply more generally. Scientists truly are heroes and geniuses - often quiet heroes and unsung geniuses, but their achievements in the last four centuries have been breathtaking. When religion's tyranny over intellect was broken by the Renaissance, mankind was free to see the world differently. Galileo's forebears hymned Providence for supplying the moon to lighten the night, but he trained his telescope on that satellite instead, and turned the world upside down.

What is heroic about science is the range of new possibilities it offers. Under its scrutiny the familiar world metamorphoses into a cloud of equations, which utterly reconstruct our thinking. The result is beautiful, and powerful; in very many ways it works to our great good, while in others it threatens to destroy us. Such is the Faustian contract for knowledge.

The current century is incomparably the greatest in the history of science, and its leaders are truly hero-geniuses. Richard Brennan gives us brief intellectual biographies of some of them, devoting a chapter each to Einstein, Max Planck, Ernest Rutherford, Niels Bohr and Werner Heisenberg, followed by the much more recent figures of Richard Feynman and Murray Gell-Mann. Although the biographies are exceedingly sketchy, they preserve some amusing anecdotes and do not shirk uncomfortable questions, especially about the equivocal position in Nazi Germany of Max Planck and Werner Heisenberg.

Brennan shines best in his account of ideas. He has a knack for explaining difficult technicalities simply. His essays give a useful summary of 20th-century science, bringing it almost up to date with the discovery of the top quark at the world's

most powerful particle accelerator, the Tevatron at Fermilab. A quark is an elementary nuclear particle; it comes in six types or flavours, of which the top flavour is immensely hard to observe. True to form, it was seen for a trillionth of a trillionth of a second among the fireworks of matter-antimatter collisions in the Tevatron, bringing further vindication to the work that won Gell-Mann his Nobel Prize. (Asked to comment on the award, Gell-Mann parodied Newton's famous remark, "If I have seen further than other men, it is because I stood on the shoulders of giants", by saying, "If I have seen further than other men, it is because I am surrounded by dwarves". Brennan describes this as symptomatic of severe charm deficiency.)

The earlier giants of 20th-

HEISENBERG PROBABLY SLEPT HERE: THE LIFE, TIMES AND IDEAS OF THE GREAT PHYSICISTS OF THE 20TH CENTURY
by Richard P. Brennan
John Wiley £17.99, 274 pages

century science are better known. Einstein's private life has become public property; Rutherford's legendary bluff good nature has so far survived the biographers. The pale cast of suspicion falls on Planck and Heisenberg because they remained in Germany during the war, the latter to help build the Nazi atom bomb or, according to some, to slow progress towards it. Brennan recounts the famous meeting with Bohr in 1941, at which Bohr says, Heisenberg tried to persuade him to join the Nazi war effort. Bohr ever afterwards shunned him. As to Planck: his son was executed for aiding an assassination attempt upon Hitler.

It is remarkable that the men sketched by Brennan either had unusual early educations, being self-taught in crucial respects, or, if not, came from academic families. Planck and Bohr fall into the latter category, the rest into the former except for Gell-Mann, a child-prodigy who studied physics at Yale because his father forced him to, whereupon he fell in love with it and became a Nobel laureate. I doubt he represents an example for any other fond parents to follow.

A.C. Grayling

Free spirit in a chaotic milieu

Jackie Wullschlager on a Life of the most charming and independent member of the Bloomsbury set

In 1987 Duncan Grant asked, "Shall I be arrested?" when Michael Holroyd's life of Lytton Strachey made their homosexual affair public and put Bloomsbury on the cultural map. But he was not arrested: instead he became a Bloomsbury icon, famous among people who could not recognise one of his paintings, and the recipient of fan letters like the one from a colonel in Barbados who toasted him in champagne because he was "by far my favourite character in Holroyd's book".

Thirty years on, Grant's reputation as a painter is still hitched to the change in critical fortunes of Bloomsbury, and his historical status is uncertain, though his popular appeal as the funniest member of the group is indisputable. This major new Life assesses him as an independent artist and a wayward, original man operating beyond any milieu. It is a biography in the intimate, generous, comic Holroyd vein, and a marvellous companion piece to Spalding's *Life of Vanessa Bell* (1983), Grant's partner and artistic collaborator.

Grant's life almost spanned a century and, with barely an eyebrow raised beneath his floppy straw hat, he adapted to the changes which with hindsight seem momentous. In the 1890s, he grew up in imperial India among memsahibs and ayahs and attended a Victorian public school. After 1910, he stood at the heart of

British modernism which developed from Roger Fry's post-impressionist exhibition, and he cavorted around London dressed in Gauguin costumes. A friend of Matisse and Picasso, he showed an awareness of European trends as well as an elegance and decorative fluency, that made him the leading British painter between the wars.

Meanwhile his ménage with Vanessa Bell at Charleston farmhouse,

DUNCAN GRANT: A BIOGRAPHY
by Frances Spalding
Chatto & Windus £25, 370 pages

which ignored convention of marriage and money, generated a lasting creative union - a contrast both to the Victorian repression with which he had grown up and to the self-indulgent make-ups and break-ups that characterised the rest of Bloomsbury. By the end of his life, he presided at 90 over another sort of Charleston, where cannabish grew in the garden and groups of young men cared for him and took him along to Gay Liberation meetings.

Through it all, as this biography triumphantly shows, he remained himself devoted to his art, indifferent to fame, free from self-obsession, mercurial, elusive, charming, "incorruptibly pure", as friends described him. Around him reigned the emotional havoc of Bloomsbury. His lovers included his cousins James

and Lytton Strachey, Maynard Keynes, who gave him an annuity in gratitude for youthful embraces, and Adrian Stephen, who introduced him to his sisters Vanessa and Virginia. He was exceptionally attractive to women - "you were like a beautiful but rather faded moth, the other day, after your night's debauch among the red-hot pokers and passion flowers of Hampstead", says Virginia Woolf here; for Vanessa ("my love was not repulsed. I fear it was not even noticed"), Duncan was a life-long love. They had a daughter, Angelica, born at the height of Duncan's affair with David Garnett. Both men were in attendance for the birth; Garnett vowed to marry the baby, and 20 years later did so.

A grim coda to this tale is the inability of the sons and daughters of Bloomsbury to liberate themselves from their liberated parents. "You'd think they were living under the shadow of the Pyramid. Aren't they ever bored of celebrating their ancestors?" asked Grant's granddaughter Amaryllis in 1989. 70 years after Virginia and Vanessa had escaped to Gordon Square from the dead weight of Leslie Stephen and the Victorian *Dictionary of National Biography*. But, as for her great-aunt, the ghosts were too much, and in 1973, Amaryllis, too, drowned herself.

Neither sensationalist nor judgmental, Spalding wades through this mess with the



Duncan Grant: indifferent to fame, he became an icon

serene sympathetic-but-detached countenance that Duncan himself maintained. Much of the story is already familiar; Spalding's skill is to sketch out the intricate emotional web against the bold bright unobscurable figure of the artist, "alone in a kind of private universe where there was just him and the thing he was painting", as Quentin Bell remembered. Grant took pleasure from simple things - beautiful objects, a sunny place to sit - and translated this day-to-day absorption into landscape, still lifes, portraits, with an exuberance which endured from an early picture like the exotic "Lemon Gatherers" (1910), to the vivid purple "Mantelpiece Still Life" of 1972. With its conjunction of objects, colours and patterns

Charleston, where he and Vanessa decorated every inch of wall, furniture and drapery themselves, is a monument to a vision that found "spiritual significance and sensual logic in the fabric of the everyday world".

That is about as far as Spalding gets to critical appreciation, which is a shame, for her descriptions of Grant's work are superb, and surely in this first biography some assessment of the artist's historical importance is essential. But she is so close in tone to Grant's own modest, non-analytical mind-set that perhaps it is ungrateful to quibble.

Her achievement is to let that sense of a man living with his craft shine through on every page: the result is an exceptionally honest and warm portrait.

For Betty, the native populace have always been "Chinky-Chonks". Monty, the family solicitor, is deemed to be trustworthy because he is "a Jew-Boy". The white western liberal habit of denying racial "otherness" by turning a blind eye to it is turned on its head in a glorious exposé. With her forthright expressions of racist stereotype, Betty reveals that embarrassed reticence unwittingly asserts the very stereotype it seeks to avoid.

For Bunt, Hong Kong-born though, crucially, of a different generation, the reverse attaches. Forty-three years old and balding, he can relieve himself in the "blue hotels", or carry on an uncomplicated liaison with

his pretty employee, Mei-Ping, with no sense of the terrible stigma of "going native". One is left in very little doubt that this was always the case.

The action opens with the death of Mr Chuck, Betty's business partner, which sets up speculation as to the future of the family textile company, Imperial Stitching in Kowloon Tong, and - for Bunt - the realisation that "death (produces) unexpected revelations." Chinese relatives at the funeral are only the first skeletons in a

KOWLOON TONG
Paul Theroux
Hamish Hamilton £16.99, 213 pages

LE TESTAMENT FRANCAIS
by Andrew Makine
Secker £16.99, 275 pages

series of closets which, as they open, render Bunt progressively more bewildered and insecure. Everyone seems to be connected with the sinister Mr Rung, whose too perfect English and origins in the People's Republic mark him out as a baddie from the start.

Theroux's tawdry through the twilight days of the last colony is celebratory, and valedictory. It is an outsider's inside view, at once acute and questioning - flawlessly observed and drily comical. And it is, of course, an analogy of the takeover, published, with timely consideration, on its very eve.

Whether or not this is what it was really like will soon enough become unimportant. Theroux's point is

to document change, and the inability to do so.

In *Le Testament Français*, there is something of the same sense of identity lost, misplaced or, perhaps, never properly worked-out. In adolescence, Makine's Russian narrator turns his back on the France to which he is linked by his grandmother, Charlotte Lemounier, in spite of his fascination with its culture and "the French graft in his heart" that gives him, at times, "great pain". In his 20s, the switch-about comes when, with the Soviet Union crumbling, he makes his way to Paris in search of political asylum and self-discovery.

Winner of both the Prix Goncourt and the Prix Médicis, *Le Testament Français* is written in a haunting prose which conjures, at every turn of the page, images of faded sepia photographs (Charlotte's memory of Froust playing tennis at Neuilly, for instance, which has a whiff about it of Debussy's melancholy *Jour*). Makine writes with such conviction that, at times, the reader shares the narrator's "confused rage" against "the useless serenity of [Charlotte's] French universe".

It is a rage against "the useless refinement of that imaginary past", which indeed seems useless when balanced against the horrors of the Stalinist period. His notion of "a pitiless, beautiful, absurd, unique Russia...pitted against the rest of the world by its sombre destiny" is at once what Russia, in its own eyes, has always been, and its own - less refined - "imaginary past".

On

Future, past and present meet in Venice

William Packer sifts through the pretension at the 1997 Biennale

The Venice Biennale, its exhibitions unready and its pavilions half-built, opened last week after the usual crowded days of press-views and receptions. Only nine months ago, this Biennale was not supposed to happen until 1998. It did not finally get the go ahead until well into the New Year so chaos might have been all we could reasonably have expected. That the Biennale is as it is, after barely five months in preparation against the usual 18, is something of a miracle.

Larger than ever, with 56 participating nations and a third-world presence stronger than ever, the Biennale this time seems quieter, more low key than usual, and more coherent and assimilable. And as always, among the dross and pretension, the inflated reputations and the simply awful, there will be enough of interest, perhaps of beauty, to make us glad we came.

But then there is coherency and coherency. The Italian critic Germano Celant is the general curator of this Biennale and, with an international team of advisers in train, responsible for the central exhibition. Taking *Future, Present, Past* as his theme, he has brought together the work of 71 artists which he has arranged within three loosely defined categories - the 1960s/70s, which he gives as the encounter between Europe and America; the 1970s/80s, the osmosis between male and female, whatever that means; and the 1980s/90s, the discovery of multiculturalism.

In giving this farrago a further gloss, Celant tells us that, as a *soi-disant* historian of contemporary art, he believes "history is written and rewritten continuously from one day to the next... Its meaning is simple: the past is my future and my future is my past; these two meet in the centre, which is the present." So that's quite clear then.

With, for the second Biennale running, no *Aperto* mish-mash of the trendy young to take up the space, the magnificent 18th century *corderie* of the Arsenal, 350 yards long and 23 yards wide, was available to him, and so Celant has divided his show between there and the central Pavilion, asking only of his invited artists that they show recent work. Of course it includes some fine things, from Agnes Martin who at 85 has won a Golden Lion for her lifetime's achievement - the other going to Emilio Vedova, at 78 - to Mario Merz with his glass igloos, Anselm Kiefer's huge and rich impasto pyr-



'El Tango' by Robert Colecott in the US pavilion: one of the few paintings on show in the Biennale

amid, Tony Cragg's amorphous lumps, Jan Dibbets' teasing photographic perspectives and the elegantly relaxed calligraphy of Brice Marden's large new paintings.

But for the most part what we get is a predictable view, sometimes mildly entertaining, more often tedious and sometimes downright offensive, across current curatorial and market fashion. There is a lot of installation and video, with which one would have little quarrel were the quality higher and so much of painting and sculpture excluded. The inference is inescapable that these last are

somehow no longer, pernicious word, relevant.

Here instead we have Marina Abramovic portentously performing on a heap of putrifying bones, in cross evocation of Croatia, and winning a *Premio Internazionale* into the bargain. Here are Vanessa Beecroft's models, all too evidently flesh and blood, flaunting themselves in nothing more than a *cache-sexe* and a pair of high heels, to make voyeurs of us all. Ah, but don't we miss the irony of it all? No, we get the irony all right, but it is still gratuitous, cheap, and offensive.

And now we find that Douglas Gordon, he of last year's Turner Prize, has won a *Premio 2000*, one of three for an artist under 40. His wit has been only to appropriate the account, well enough known, of a French doctor's enquiry into the continued sentence of a criminal's severed head. He waited by the basket beneath the guillotine for it to fall, and spoke to it for several seconds, 25 or 30, as the eyelids flickered and then closed. So Gordon has us wait in a darkened room for this text to flash upon the wall, allowing us but half a minute to read it before all goes dark

again. For this pseudo-profundity, so trite and obvious, the distinguished international jury has given him a prize. Do we despair? Yes, we do.

Rachel Whiteread, whose work fills the British Pavilion to rather more impressive effect, is another winner of a *Premio 2000*. But more of that, and other pavilions and prizes, in my next review.

The 47th International Art Exhibition - *La Biennale di Venezia: the Giardini di Castello, the Corderie della Tana* and elsewhere throughout Venice, until November 9.

Radio/Martin Hoyle

In search of serendipity

In 1959, inflamed by a more than usually iconoclastic sermon in Perth, John Knox's congregation whoopingly descended on what was left of pre-Reformation Scotland's architectural and artistic treasures. The iconoclastic movement was evoked last week by the dour Caledonian tones of a Radio 4 bigwig growling his way through an interview on the now accustomed crop of rumours about the BBC's best channel. Given the corporation's current motto, "If it's perfect, smash it", Radio 4 is up for vandalism again. Radio 4 sums up the BBC's once fabled - and now mythic - excellence. With Radio 3, it has fought to maintain a certain variety of programming, recalling the old days of comedy, talks, drama and a wide range of music on each station. I heard my first *Pagliacci* and *Isotta Collier* on the Light Programme where today Sheridan Morley's eager-beaver plot is an apology for a Radio 2 arts policy. Brave new world channelling ensures that nobody is ever surprised, shocked, broadens his horizons, is - well, educated, to use a word that today's BBC would relegate to a separate ghetto. Heaven forbid that a snippet of the splendid coverage of the Cardiff Singer of the World find its way on to Radio 2. The robots are already programmed. Any risk of serendipity might throw them out completely.

Any hymn to Radio 4's particular capacity for serendipity includes the threatened *Farming Today*, an early morning eye-opener, in all senses, for all but the most tunnel-vision robots, now menaced by *Today*. *Woman's Hour* may be on the move yet again. The trouble is, it is too interesting on too many fronts, and iconoclasts mistrust this multi-faceted appeal. Last week we had items on "Countess Dracula", Celtic goddesses, a tough anti-welfare American nun, and hilarious page three "stunna" Gayle Tuesday. Her advice to giggle a lot and make the most of your boobs was delivered with a chirpiness indistinguishable from someone called Rosie, allegedly the BBC arts correspondent, who followed her to talk of the all-female Turner Prize shortlist in the same shrill vein.

More serendipity: Sunday's *Morning Service* from Aldeburgh Parish Church, marking the 50th anniversary of the festival with appropriate music. No serendipity, because

we know how excellent it is: *Mediamusic* is another threatened programme, rightly called a "watchdog" by one of last week's participants. What if, on a hypothetical Labour victory in 1992, there were a number of pearls to listening swine: politicians have lied about sterling since the saintly Stafford Cripps. Dennis Skinner called Tony Blair "a yuppy barrister". "Harriet Harman would have been a parliamentary secretary, at best," opined Roy Hattersley, "because everybody gets appointed above their ability from time to time." Ouch. Read between the lines and this was funnier than *Week Ending*.

Looking forward to the past is chaired by Paul Boateng. Long considered too shrewd, cheerful and generally nice to be in politics. One of his pleasant guests was a man called Max whom the Radio Times referred to as Mary; but as the RT cannot spell Euripides, mistaking people's sex is par for the course. This is one area where an iconoclast is needed, God knows.

Other treasures and pleasures: Ronald Blythe's loving, wise evocation of country life in *Dear Diary*; music axes battling their heads together in the wonderfully atmospheric *A Cry in the Dark* - Joanna Pinnock listening to the Arctic night in a tent in Greenland; *The Sandy Bottom Orchestra*, the *Book at Bedtime* by Garrison Keillor and Jenny Lind Nilsson. Speaking of Keillor, another gently witty American voice narrated Wednesday's *Your Place or Mine?*, a slightly surreal-sounding cocktail party of voices, real people linked by the speaker's fantasy, as dry and wry as the best Manhattan martini.

The woman complaining of her partner, the teenager of her parents, were articulate and observant: the general impact was a cross between TV's *Frankie and Mad Magazine*. Emma Thompson should be shot for denying the Americans irony.

The Day After Tomorrow was another pattern of voices but no cocktail party. Black and white, doctors and parents, recalled the 1976 shooting of students and children during a peaceful demonstration in Soweto. Is it fanciful to think that the treatment - no haranguing, no fake-portentousness, documentary evidence unobtrusively given, grace and shape - is essential Radio 4? It is? Then pull it down, Reverend Knox.

Television/Christopher Dunkley

On the broadcaster's role in history

Whether or not television journalism is really "the most influential industry in the 20th century" as is claimed by the makers of the BBC2 Sunday evening series *Breaking The News* (more influential than electricity, armaments, pharmaceuticals, groceries, computers?) it probably is true that most of us argue about it more often than we do about those other industries.

It is a controversial subject because journalism concerns itself with crises in the lives of individuals, nations and international alliances, and television has played an increasingly important role in journalism in the past 50 years. Those over 50 have witnessed virtually the entire history of the business, and this series benefits enormously from the fact

that many of the pioneers of television news - and television journalism - are still alive today and rather good at giving interviews.

Just on the trivial level of unconnected incidents, this is an engrossing series. In the opening programme last week we heard about the American Jones twins, Eugene and Charles, who took hand-held cameras to the Korean war in 1950 and captured the sort of dramatic frontline footage which most of us think of as originating in the Vietnam war, two decades later. In tomorrow's programme we see the striking opening of

an early edition of Granada's *World In Action* with coffins being carried out of every door in a street in a northern industrial town, to illustrate the seriousness of bronchitis.

Next week Bernard Ingham describes Margaret Thatcher's reaction to the request that 55 people be accredited to No 10 Downing Street on the first occasion that the BBC interviewed her there. In the final week Bernard Shaw, CNN's man in Baghdad during the Gulf War, explains how all young reporters think that if they ever get a great scoop "My report is going to be so mem-

orably phrased", then we hear Shaw's opening words on the night the Allied attack began: "Something is happening outside". Shaw tells the story beautifully against himself.

There is much, much more because these four programmes, each 60 minutes, are seeking to do not one job but about 10. First there is the development of news in the UK, the US and the USSR, three very different stories. Then there is the development of current affairs in those three countries - entirely separate subjects. Next there is the fraught matter of the relationship between television journalism and television journalists and politicians. In the US Ed Murrow agonised over whether he was justified in using the power of the new medium against

one politician: Senator Joe McCarthy. In Britain we are reminded of the damage done by a blundering William Rees-Mogg when he instigated the viewing and then the withholding of a controversial programme about Northern Ireland by the governors of the BBC, thereby usurping the director-general's role of editor in chief and creating constitutional mayhem.

The relationships in Soviet Russia between journalists and politicians were, of course, far worse. Although there is considerably more in this series about the US and the UK, some of the most interesting material is about Russia, largely because we previously knew so much less about television journalism there. It is

no great surprise to discover that, in the worst of the bad old days, journalists could lose their jobs just for getting words wrong, but even more interesting are the revelations about conditions in the new Russia.

It is instructive and depressing to hear from Yelena Pondayak, who used to be responsible for editing the speeches of the leaders in the old days to make them look good, that when she asked what to do with footage of Yeltsin speaking drunkenly in London in 1992

she was told to wipe it. She resigned.

There are rewards in each programme, and you will not have wasted your time if you watch all four. However, this is a striking example of an occasion when the producers (Glyn Jones, Colleen Toomey and Peter Ceresole) might have done even better with more time. The programmes run chronologically, but events in the three countries do not obligingly coincide: rows between the president and the broadcasters in the US, between

broadcasters and politicians in Britain, and between the state and journalists in the USSR arose at different times and for different reasons. The evidence here suggests that each of these stories could have benefited from an entire programme. Moreover, that last episode only just begins to question the extent to which television has now begun to create the news instead of simply reporting it, and the extent to which television may soon combine with the Internet. Of course *Breaking The News* is aimed at the general viewer and not just at those of us who seem to be television, but, given the excellence of this series, it seems a pity that it does not go even further.

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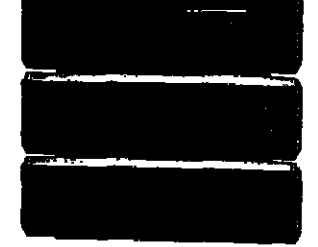
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ARTS

Flowering of the Harlem renaissance

Never before have so many black artists and intellectuals achieved so much success in so many fields, argues Henry Louis Gates Jr

Since the earliest decades of this century, Harlem has captivated the imagination of writers, artists, intellectuals and politicians around the world. Stories are legion of pilgrims progressing to Manhattan then plunging headlong into the ultimate symbolic black cultural space, the city within a city, the "Mecca of the New Negro" - (as Alain Locke put it in 1925) - that Harlem became in the first quarter of the 20th century.

Fidel Castro's recent pilgrimage, recalling his famous sojourn at the Hotel Theresa in 1960, is only the latest in a long line of such pilgrimages into America's very own heart of darkness. Max Weber and Carl Jung, Federico Garcia Lorca and Octavio Paz, Zora Neale Hurston and Langston Hughes, Kwame Nkrumah and Wole Soyinka, Marcus Garvey and Malcolm X, Ezekiel Mphahlele and Nelson Mandela have all made the journey uptown.

For the negro intellectual, wrote Langston Hughes, "Harlem was like a great magnet pulling him from everywhere. Once in New York, he had to live in Harlem." Harlem, as a cultural metaphor for black America itself, was invented by writers and artists who were determined to challenge the stereotypical image of Negro Americans as ex-slaves and members of a race that was inherently inferior and transform it into an image of a race of culture bearers. To effect this transformation, a "New Negro" was called for and this New Negro would need a nation over which to preside. And that nation's capital would be Harlem, that realm north of Central Park, between 130th Street and 145th.

It was Booker T. Washington, writing in 1900, who first enlisted several of his fellows to imagine a "New Negro", unfettered by the racist burdens of the past. In 1900, demeaning images of the ugly, evil Sambo proliferated throughout the homes of American families; on their alarm clocks, on their egg-cups or tea-cosies, napkin-rings or place-mats at breakfast, in parlour games, advertisements in magazines and US government postcards.

"We must turn away from the memories of the slave past", insisted Booker T. Washington. "A New Negro for a New Century", he argued, would be the answer. One year later, the black Bostonian William Stanley Braithwaite (a distinguished critic and poet), argued that "We are at the commencement of a 'Negroid' renaissance... that will

have as much importance in literary history as the much spoken of and much praised Celtic and Canadian renaissances." He was writing at the end of a full decade of unprecedented literary production by black women (who published a dozen novels and edited their own literary journal between 1890 and 1900) and at a moment when the poet Paul Laurence Dunbar, the novelists Pauline Hopkins and Charles Chesnut, and the essayists W.E.B. Du Bois and Anna Julia Cooper were at the height of their creative powers.

The second Harlem renaissance, two decades later, took its artistic inspiration from Europe. Dvorak had already declared negro spiritual songs to be America's first authentic contribution to world culture and urged classical composers to draw upon them to create *sui generis* symphonies. In 1910, Pablo Picasso had stumbled across "dusky Manikins" at an ethnographic museum and forever transformed European art, as well as Europe's official appreciation of the art from the African continent.

Picasso's *Les Femmes d'Alger* - the signature painting in the creation of Cubism - stands as a testament to the shaping influence of African sculpture and to the central role that African art played in the creation of modernism. The Cubist mask of modernism covers a black Bantu face. African art - ugly, primitive, debased in 1900: sublime, complex, valorized by 1910 - was transformed so dramatically in the cultural imagination of the west, in such an astonishingly short period, that the potential for the political uses of black art and literature in America could not escape the notice of African-American intellectuals, especially W.E.B. Du Bois, educated in Europe and cosmopolitan to the core, and Alain Coker, Harvard trained, a Rhodes scholar at Oxford in 1906 and thereafter a student of aesthetics in Germany in the heady years of the modernist explosion. Thus the second Harlem renaissance, in so many ways, owes its birth to Euro-African modernism in the visual arts.

This resurgence, known as the Harlem or New Negro Renaissance, was well underway by 1925, nurtured by Alain Locke, who edited a special issue of *Survey Graphic Magazine* in March of that year (*Harlem: Mecca of the New Negro*). This was followed by his 446-page anthology entitled *The New*

Negro: An Interpretation, replete with illustrations by the German designer Winold Reiss and the African American artist Aaron Douglas. Writers such as Langston Hughes, Jean Toomer, Countee Cullen, Jessie Faussett and Zora Neale Hurston - the fundaments of the black canon today - came of age here, leading the *New York Herald Tribune* to announce in 1925 that America was "on the edge, if not already in the midst, of what might not improperly be called a Negro renaissance."

The Black Arts Movement of the 1960s and early 1970s prompted the third Harlem renaissance. Deeply rooted in black cultural nationalism, the Black Arts writers saw themselves as the artistic wing of the Black Power movement. Writers such as Amiri Baraka, Larry Neal and Sonia Sanchez saw black art as functional; the function in question was the political liberation of black people from white racism. Constructed on a fragile foundation of the overtly political, this renaissance was the most short-lived of all. Yet many of the artists who have come of age since 1967 were shaped or deeply influenced by this period.

Today, black writers and artists, musicians, dancers and actors have entered a period of creativity unrivaled in American history. The signs of cultural vibrancy are unmistakable: in dance (Bill T. Jones and Judith Jamison); in literature (Toni Morrison and Terry McMillan, Walter Mosley and John Edgar Wideman); August Wilson in drama; Rita Dove in poetry; public intellectuals such as Cornel West, Greg Tate and Lisa Jones; artists such as Martin Puryear and Lorna Simpson; Anthony Davis and Thulani Davis in opera; jazz musicians such as Wynton Marsalis and Cassandra Wilson; Hip-Hop artists such as Public Enemy, De La Soul and Queen Latifah; film-makers such as Spike Lee, Julie Dash, John Singleton - the list is stunningly long. From television to op-ed pages, from the academy to the poetry slam, never before have so many black artists and intellectuals achieved so much success in so very many fields.

The current renaissance is characterized by a specific awareness of previous black traditions, which these artists echo, imitate, parody and revise, self-consciously, in acts of "riffing", "signifying" or even "sampling". As the jazz and opera composer Anthony Davis puts it, "There are three different



The ultimate symbolic black cultural space: 'Harlem at Night', c.1924, by Winold Reiss, at the Hayward's new show 'Rhapsodies in Black'

strains in the black music revolution today - classical jazz (such as Wynton Marsalis), avant jazz (such as Anthony Braxton), and the fusion of Hip-Hop and jazz (such as the compositions of Steve Coleman). What each shares, however, Davis continues, "is a common attempt to rediscover the past." Davis's opera *Malcolm X* is a prime

example. "What this is, is a renaissance of post-modernism, and post-modernism, in America, is quintessentially black," he concludes.

Given the sophistication of so much of this art, and given its demonstrated power to turn a profit, it is highly likely that the achievements of this renaissance will be the

deepest, the longest-lasting and the most appreciated by the larger American society.

Henry Louis Gates Jr gives a talk at the Purcell Room, London, tonight to launch the Hayward Gallery's exhibition 'Rhapsodies in Black: Art of the Harlem Renaissance'.

Quiet symbol of the soviet thaw

Arkady Ostrovsky remembers one of Russia's best-loved performers

Outside his homeland few have heard of him. His picture never appeared in the western press. He was not the world's greatest poet nor the most refined singer. But Bulat Okudzhava was one of Russia's best-loved performers, symbol of a generation and conscience of the nation.

His death last week, at the age of 73, was the end of an era for the Russian intelligentsia. Okudzhava's tunes were simple, his words ingenious, and he sang his own lyrics to the accompani-

ment of an acoustic guitar. He was the bard of Russia's 1960's generation. Words like "symbol" and "conscience of the nation" did not quite seem to fit the image of this small, Georgian man with sad eyes and quiet voice.

But if Alexander Solzhenitsyn helped to destroy the Soviet system, Okudzhava

helped the intelligentsia to survive within the system. His life was a lesson in honest and honourable living inside the Soviet Union, and in that he was arguably more important than Solzhenitsyn. In the words of one Russian writer, Okudzhava was what separated us from dishonour.

Neither a dissident nor a revolutionary, Okudzhava did not demand these qualities from his listeners. He had a particular respect for privacy, a concept that hardly existed in the Soviet Union. He existed parallel to the system and in his intimate and ironic songs he proclaimed the supremacy of private life over the communal values of the regime.

He was born in Moscow in 1924. His father was a Georgian revolutionary, shot by Stalin in the 1930s. Okudzhava served at the front during the second world war and later worked as a teacher.

The beginning of his writing career in 1966 coincided



Singer and poet Bulat Okudzhava: he preserved what he valued most, a sense of dignity

with the 20th congress of the Communist party in which Nikita Khrushchev denounced Stalin's cult of personality. Okudzhava's voice was the first signal of the thaw. As Stalinist monumentalism ended, the personal, the emotional, and above all the confessional became the

style. Okudzhava's honest songs about the second world war, seen through the eyes of 20-year-old boys and girls, differed from the official story of Soviet patriotism.

He sang about Moscow streets where he grew up, about the last trolleybus, an

old jacket, or the poet Villon, with a sincerity alien to the declaratory style of Soviet singers. The language he used in his songs was devoid of sovietisms. Okudzhava also wrote historical novels which had a clear connection with the prose of the 19th century. In 1994 he

received a Booker prize for a semi-autobiographical novel *Closed-down Theatre*.

He first played his songs to a circle of friends in small Moscow kitchens enveloped in clouds of cigarette smoke, then onto a domestic tape recorder. His lyrics were impossible to translate - not because they were so complicated poetically, but because they were inseparable from the tone of his voice (always slightly understated) and the manner of his performance (tactful, modest, pensive).

"My songs were a dialogue with people who understood each other with half a hint - a quiet dialogue. I did not have to explain anything to them, they knew exactly what I wanted to say without me saying it. It was as if I was writing for good friends and people liked listening to my songs in the

kitchen, as if I were a third person there", Okudzhava said in one of his last interviews.

After the collapse of the Soviet Union and the disintegration of the intelligentsia as a homogeneous class, Okudzhava almost stopped writing. His 1994 Russian Booker Prize was more a tribute to his life than a credit for the literary merits of one of his novels. His later concerts were largely sustained by a feeling of nostalgia.

Many of his fellow artists rushed into politics, money-making, or settled abroad. Okudzhava stood aside from the bacchanalia which accompanied the transition of Russia into a market economy. "I am not really connected to the present time - there are sad things and some good things - but on the whole I live separately from modern life," he said not long before his death. He did not fit into contemporary life, but he managed to preserve what he probably valued most - a sense of dignity.



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Theatre/Sarah Hemming

Anarchy rains

a man plunges down and takes an audience member hostage, then the whole ceiling rips apart, pouring out balloons and ticktaps. From the vast cavernous space above, performers dive and swoop like euphoric birds.

From then on the mood is of carnival - wild, joyous and dangerous. The 11 performers do not so much trapeze as fly above you, suspended by ropes and harnesses. They crouch, bat-like on the scaffolding, then launch themselves terrifyingly into the space, whooping and crying. At one point, the sensation of being in some strange jungle is reinforced by an indoor monsoon: the audience is sprinkled with a fine rain.

This is all far more pleasant than it may sound and far more acutely organised. While the mood may be anarchic, the choreography is precise, albeit horizontal

rather than vertical. The performers, powered by insistent loud music, often chase each other round the space, but there are also moments of gentle beauty, such as when a man and woman walk in slow motion up the back wall, repeatedly tumbling down until they are finally united and twist off into space in an embrace.

But who are they? And what is it all about? Hard to say. With the men dressed in suits and the women in short skirts, they resemble a bunch of dishevelled city workers out on the town. But their behaviour is Puckish, and as they scramble round the scaffolding or zip past your head they could be strange, mischievous sprites. And although they meddle with the audience, stealing some and hugging others, they also give you the impression of belonging to another world, where issues

of power, freedom and attraction are being resolved in the air.

While they float gravity, they also succumb to it and occasionally come up with remarkable images - at one point two girls, suspended by ropes, run back and forth in a huge arc, like two pendulums in perfect time.

The piece clearly owes plenty to rave culture, to new circus and to high impact modern dance. Yet it has a style - young, sexy, wild and moody - of its own. You emerge drenched, reeling and uplifted.

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Fashion

Game, set and match in classic white

Bright colours on the tennis court don't win any style prizes, says Lucia van der Post

Forget the speed of the service, the angle of the backhand, the skill it takes to lift a top-spin lob - what really counts, when it comes to keeping the bank-notes rolling in, are the clothes. Mary Pierce's forerunner may lack the ferocity that once worried even Steffi Graf but never mind, her name is still on the tennis-watching public's lips, her pension fund still getting fat, and all because Nike has mastered the art of turning her out in headline-grabbing gear.

Clothes in the world of professional tennis really matter. They even matter for those of us unlikely to grace the courts at Wimbledon, but we, at least, can put on what we like instead of what we're paid to wear. I still think it is hard to beat white - it is simple, classic, crisp and cool. It's as much a part of the Wimbledon ritual as strawberries and cream.

The new, young guard can come along with their Day-Glo stripes, their patterns that look as if they've been inspired by interference on the television screen, their drabby shorts, their darkly brooding blacks and oversized shirts. While they may sometimes win the game, they don't win the style prizes.

Without hankering for a return to the golden days of Bill Tilden, with his long trousers and button-up shirts, and Suzanne Lenglen, with her ankle-skimming skirts, it is still possible to long for just a little more of traditional charm and a little less of the André Agassi obsession with bagginess and blackness. The good news is that many tennis wear designers are beginning to realise that there is still a longing for clothes with real aesthetic appeal.

Two years ago, two new designers - Sam de Terán and Perri Ashby - entered the tennis fray, both with a mission to bring some charm and flattery to the clothes. As Perri Ashby said when she launched her first collection: "I wanted to hark back

to the days when putting on something nice and smarting on to the court used to be part of the charm." Sam de Terán says her mission was to offer players of sports (and, in particular, tennis players) something different from the heavily American-influenced designs that dominate most sports shops.

Both design small ranges which used to be available at a few exclusive outlets (Perri Ashby, for instance, can be found in the shops attached to the Vanderbilt Tennis Club and the Harbour Club in London), but they have so obviously filled a long-felt need that they are being taken up by the big guns. Both ranges can now be found at Harrods and Fenwick's, Selfridges and Debenhams, while John Lewis stocks Perri Ashby.

This year Sam de Terán has brought out one of the prettiest dresses ever - sketched right, it is comfortable, loose without being shapeless, and very flattering. Perri Ashby has produced five different designs. All based on a classic tennis dress with a low, loose-ish waist for easy movement, they are mostly white or cream, trimmed with blue.

Prices range from £80 to £75. Both designers have realised that short, pretty dresses need aesthetically appealing underwear. Sam de Terán has some pretty, little shorts (£56) which can be worn under the dresses. Perri Ashby has designed what looks like mini-cycling shorts, very trim and neat, which are navy with white trim (£27.95). Otherwise, Lacoste and Sloggi do plain knickers (£29.95 and £8.50 respectively) and Marks and Spencer does a big, white knicker, trimmed with lace and with two pockets for holding the spare ball at £7.

Ralph Lauren, ever alert to design opportunities, has also moved into the world of tennis. His offering for this year's tennis playing set is a simple extension of the polo shirt, to white, the polo dress (£145). He also has a clever device which is a cross between a skirt and a pair of

shorts and is unattractively dubbed the "skort" (£90).

Nike is generally considered to cater to the younger, funkier end of the market - it provides Pierce's black, fitted dresses and Agassi's baggy shorts. But after the huge success of Pierce's dress (female tennis fans, it seems, flocked to buy it) they have started to provide a broader range.

Those who believe in simplicity and don't want to pay fancy prices for it should look at M & S. It has a pretty and practical white dress with sleeves and collar tipped with navy, orange or lime at just £25 and a matching cardigan for £25.

The most important piece of equipment is, of course, the racquet. Continually evolving, this year's (and last's) fad is the racquet with



From left: Sports bag, from £199, by B&B Amberg. Tennis 'skort', £90, from Polo Ralph Lauren, 143 New Bond Street, London W1, and Harrods, Knightsbridge, London SW1. Cotton hat, £28, from Sam de Terán, 151 Fulham Road, London SW3.

Series sports bra, £19.99, stockists (01525-850088). Tennis hot pants, £56, from Sam de Terán. Tennis dress, £56, and hat by Christine Bec, £38, both from Sam de Terán. Yonex pro RD70 racquet, £169, from good sporting shops. Illustration by Caroline Dixon

the longer handle and larger, elongated head. Martina Hingis will play at Wimbledon with the Yonex version, as will Michael Chang, Alberto Costa, Patrick Rafter and co. The main advantage of the racquet seems to lie in giving the player a longer reach and greater power. It helps most of all with the serve, giving shorter players a higher reach and therefore a better angle on the ball. Almost all manufacturers

have their own version, with the Yonex RD 70 at £169.99 seeming like a well-priced, middle-of-the-range example. Shoes are also important. According to Lee Wilmut, who runs a specialist sports shop, Wigmore Sports, 81 Wigmore Street, London W1, a tennis shoe should be different from, say, a running shoe. In tennis, the players make a lot of what are called "crab-like movements", therefore sideways support

is vital. Wilson and K-Swiss do very stable, well-priced versions - Wilson's is The Extreme 300 at £49.99, while K-Swiss does The Ascender at £59.99. Finally, if you feel insecure without dark glasses in the sun, Wilmut says the chic tennis players' brands are by Ray-Ban, Oakley or Adidas and that Croakies (little bands of rubber and felt at £4.99 a go) will keep them firmly in place.

Well-suited in the east

Savile Row has a unique link with Shanghai, finds Lucia van der Post

Every two or three years, and tales of the imminent demise of Savile Row and the irrevocable loss of invaluable craft skills do the rounds, bringing tears to the eyes of all but the most hardened hawks. This year, the story is somewhat different - Savile Row, or some of it at least, is booming.

Smiles are wafting from some of Britain's most eminent tailors and some of the biggest seem to be coming from Kilgour, French & Stanbury. Not only is there a waiting list for the most expensive service of all (the hand-tailored, made-to-measure English suit at anything from £2,000 upwards), but a new service, the hand-tailored, made-to-measure in Shanghai suit at £800 a time (inclusive of VAT), is proving popular with younger chaps. For them, it seems a steal when compared with the prices being demanded by Armani, Yves St Laurent and other designer names.

The service works like this. The customer comes into the main headquarters at 8 Savile Row. He chooses his fabric from the many swatchbooks on offer, he is measured up and all his styling details, from length and shape of lapel, to how many buttons and whether it should be single or double-breasted, and have single or double vents are discussed.

The suit is then cut in the workrooms in Savile Row



Carly Grant, a famous customer but not of the Shanghai version

and the cloth, pattern and all relevant information are dispatched to Shanghai where the suit is hand-sewn by Chinese tailors, practised in the art of Savile Row tailoring. Between four and six weeks later, the suit arrives in Savile Row and, after fitting, any necessary adjustments are made on the premises.

The chief difference between the two suits is that the buyer of the

Shanghai-tailored suit doesn't get a fitting at the base stage as his Savile Row counterpart would, but it is just as hand-sewn, just as made-to-measure. The Shanghai suit, with its properly sewn, floating canvas lining, an essential part of the pukka Savile Row tailoring process, should never be confused with the Cantonese version, which is cheaper and made without a

floating canvas lining. By a quirk of history, it seems there is a pool of highly skilled tailors in Shanghai who understand Savile Row tastes and standards. In the 1920s and 1930s, Shanghai was an important and fashionable trading centre - much more so than Hong Kong - and the large number of British expatriates who spent many years there encouraged Savile Row tailors to train Chinese craftsmen to make traditional suits.

The Chinese were quick learners and the skills have been kept alive all these years, adapting to turning out politically correct Mao suits during the early years of Communist rule and the Cultural Revolution. During the last five or six years, some tailors from Hong Kong have made their way back to Shanghai. Hugh Holland, managing-director of Kilgour, French & Stanbury, calculates that about 10 per cent of the pool of tailors he has recruited came from Hong Kong.

For those who are too impatient to wait the four or six weeks the Shanghai-tailored suit requires (and the younger generation, it seems, when they want it, want it NOW), Kilgour, French & Stanbury has launched a hand-sewn, Ready-to-Wear collection of suits under the "8 Savile Row" label, which sell for £750 a time.

Kilgour, French & Stanbury are at 8 Savile Row, London W1. Tel: 0171-734 8905.

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MOTORING

Happy with a mid-life change

Stuart Marshall road tests Europe's current best seller

The Fiat Punto, Europe's best-selling car, has had a mid-life upgrade. Nearly all petrol-engined Puntos sold in Britain now have a new 1.2-litre engine, tuned to produce 60 or 75 horsepower in the cheaper models, 86 horsepower in the ELX, Sporting and Cabrio.

Odd man out is the GT, with a turbocharged, short-stroke 1.372cc unit developing 130 horsepower. Completing the range are four turbo-diesels, the basic "S" versions with 63 horsepower engines, the better equipped SX with 69 horsepower.

Punto was introduced in late 1993. It is a three or five-door hatchback, with lots of interior space but unlikely to be confused with a mini-multi purpose vehicle or a van with windows.

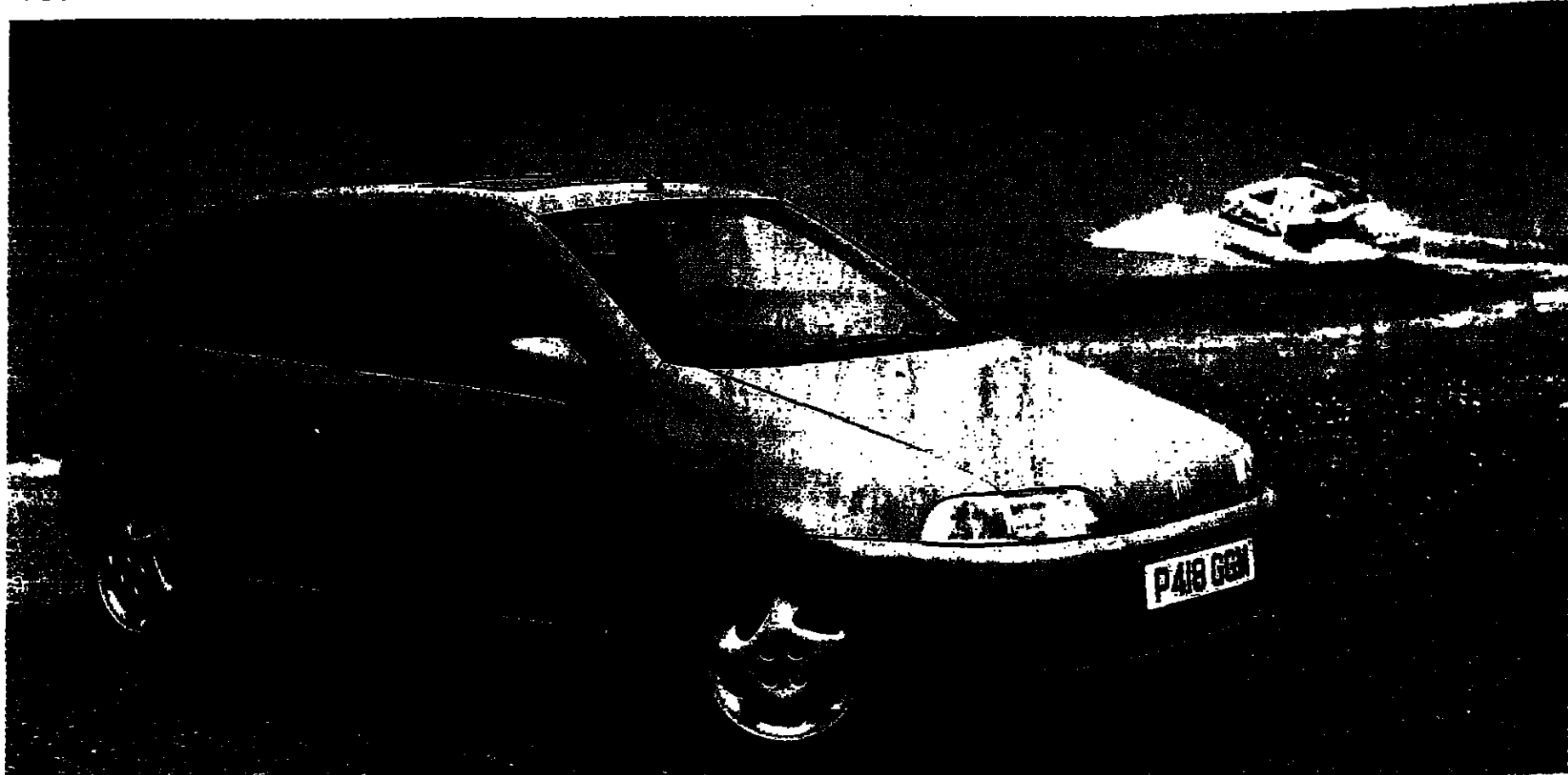
It has been a huge success for Fiat, not least because its build quality is first class. As a result, it has a reputation for reliability and good

second-hand value. Minor changes to the suspension and steering have improved the ride and sharpened the handling. Surprisingly, only the diesels, the 60 SX Selecta with continuously variable (automatic) transmission, and the posher Puntos - the £10,843 85 ELX and above in the price lists - have power steering as standard.

It is an optional extra on the 75 SX (from £9,235) but is not available on the least expensive Punto 60 models, priced from £7,784 to £8,730. (All prices are on the road.)

The first Punto I tried was a non-power steered 75. It was a nippy but refined performer on the smooth, wide-open roads of north-east Scotland and rode well on the occasional rougher surface. The gearshift was light and quick, the engine spun willingly but never stridently when accelerating hard and did not object to trickling slowly through villages in top.

The non-powered steering



Punto Sporting: good ride, sharp handling, thrives on high revolutions and runs on ultra low-profile tyres

did not make it objectionably heavy to nip and tuck into a small parking place but for the first few miles I found myself tending to run a bit wide on bends.

A power-steered Punto

Sporting, with a 16-valve engine developing 86 horsepower at 6,000 rpm and running on ultra low-profile tyres, handled much more crisply on winding roads. It begged to be driven quite

hard. The engine was silky, not thrashy, at high revolutions, which is just as well. Low overall gearing means that at typical outside lane motorway speeds it would be turning over at close to 5,000

rpm. Fuel consumptions should be around 40 mpg (7/100km) and the very rapid GT should achieve 34 mpg (8.3/100km) unless thrashed.

As always, the diesels

shine at the pump. Owners can expect at least 45 mpg (6.3/100km).

Happily, the Italians have never gone along with the trend for rock hard upholstery so the Punto's seats

yield comfortably but still offer plenty of support.

The high roofline makes the interior seem quite spacious. Even the three-door models are easy to enter and leave.



Mercedes-Benz: safety and security continue to dominate thinking

Comfort and refinement

New Mercedes-Benz models, once a rare event, are coming thick and fast this year. More than 1,600 orders have already been placed for the CLK coupé which goes on sale in Britain next week as successor to the old E-Class two-door.

A C240 saloon with a 2.4-litre V6 engine replaces the four-cylinder 2.3-litre C230 and the existing in-line 2.8-litre six of the C280 has also been replaced by a lightweight V6 which is more powerful and fuel efficient.

In the US, where it will be built for world markets, the production version of the M-Class recreational on-off road 4x4 (pictured) has been unveiled. It goes on sale in the US this autumn.

Although it does not reach Britain until 1998, Mercedes-Benz dealers report a lot of interest from potential buyers.

Mercedes-Benz UK is evidently well aware that buyers - in most cases user-choosers - are seeking value for money as well as status. Thus the CLK, with on-the-road prices starting from £28,640, is expected to more than double the best annual sales of the old E-Class coupé with 3,000 registrations a year.

I am no lover of large, two-door cars despite their elegant looks. The big doors can cause problems in confined spaces and are heavy to open and close - and may ground on high kerbs. Despite this, the CLKs I drove in Italy a few weeks ago seduced with their combination of solidity, sprightliness and style.

There are three engine options: 2-litre and 2.3-litre four-cylinder, the latter with a supercharger, and 3.2-litre V6. Of the three, I preferred the 3.2 litre, which comes with 5-speed automatic transmission, cruise control and air conditioning. The four-cylinder models have a 5-speed manual gearbox, which was disagreeably notchy and obstructive on

the pre-production cars I drove.

The CLK 230 Kompressor costs £30,840 and the CLK 320, £36,640. An eight-speaker radio/cassette player is standard - another sign of the times. Elegance, with traditional interiors, and Sports versions of CLK, with firmer suspension as well as modishly high-tech trim and bolder colour schemes, are the same price. This policy applies to the new C-Class saloons, which also have standard radio/cassettes and outside temperature gauges. On the road prices start at £19,990 for a C180 saloon and go up to £33,870 for a C280 estate.

Safety and security continue to dominate Mercedes-Benz thinking. Every one of its cars sold in

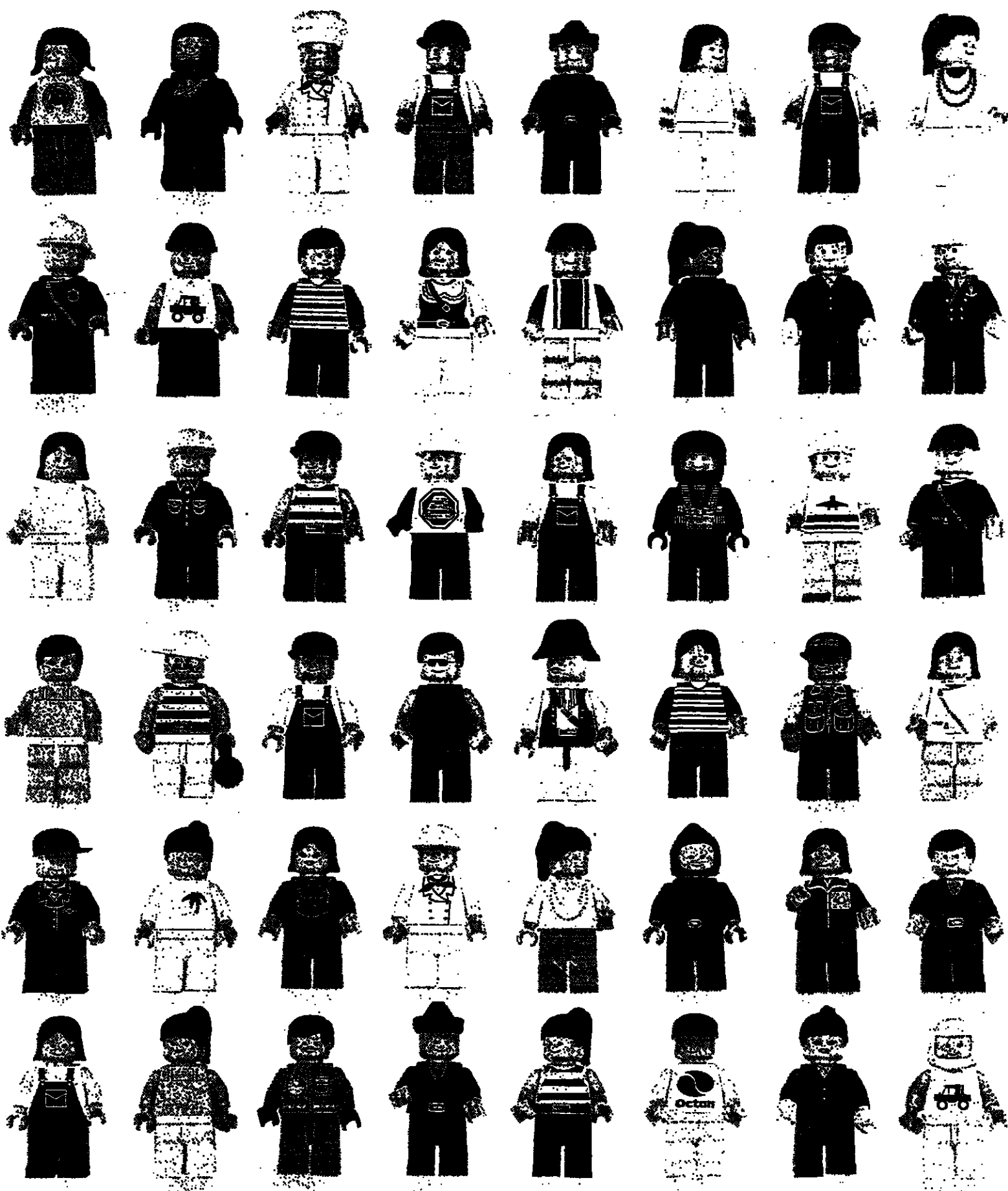
An electronic pass key opens the doors and disarms the immobiliser

Britain, except for the van-derived V-Class family bus, has airbags to protect driver and front passenger from head-on and side-on impacts. Almost all now have ABS, an advanced traction skid control, and brake assist, an electronic system which can reduce emergency stopping distances by 45 per cent.

An electronic pass key opens the doors and disarms the engine immobiliser. Sensors that continually analyse oil quality have done away with set servicing intervals.

The M-Class sports utility will offer Mercedes-Benz saloon car comfort and refinement with off-road capability to match that of any rough, tough 4x4. It will have a 318 horsepower petrol 3.2-litre V6 and the same electronic handling, braking and security systems as the latest cars.

Stuart Marshall



Models courtesy of The UNHCR Group

SPOT THE REFUGEE

There he is. Fourth row, second from the left. The one with the moustache. Obvious really.

Maybe not. The unsavoury-looking character you're looking at is more likely to be your average neighbourhood slob with a grubby vest and a weekend's stubble on his chin.

And the real refugee could just as easily be the clean-cut fellow on his left.

You see, refugees are just like you and me.

Except for one thing.

Everything they once had has been left behind. Home, family, possessions, all gone. They have nothing.

And nothing is all they'll ever have unless we all extend a helping hand.

We know you can't give them back the things that others have taken away.



UNHCR

United Nations High Commissioner for Refugees

We're not even asking for money (though every cent certainly helps).

But we are asking that you keep an open mind. And a smile of welcome.

It may not seem much. But to a refugee it can mean everything.

UNHCR is a strictly humanitarian organization funded only by voluntary contributions. Currently it is responsible for more than 19 million refugees around the world.

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MOTORING

An island idyll for classic cars

Ivor Williams goes to Madeira and finds that the local wine is not the only attraction

Most people go to Madeira for the balmy climate or the magnificent scenery. Madeira, one huge garden, seems always to be in flower. You can go for the relaxed ambience - Sir Winston Churchill did, several times.

But a classic car rally - with your own car? On Thursday, about 80 antique and classic cars, minimum age 30, will set off from the Avenida Arriaga in Funchal on the 300 km "Volta à Ilha da Madeira", billed as one of Europe's most beautiful rallies for antique and classic cars.

Many are being brought from Europe but one car is from Curaçao, part of the Dutch Antilles in the Caribbean. The rest are from Madeira itself.

The Madeiran classic car fraternity is an enthusiastic one. Ricardo Vellozo, a 50-year-old sculptor, is entering his beautifully restored 1932 MGJ2, but I spotted a pristine metallic silver split-screen Jaguar XK120, circa 1950, lurking in his garage.

"What about the Jaguar?" I asked.

"Unfortunately I'm not entering this car," he shrugs. "It's not ready. I have a small problem with the gearbox." Vellozo has taken four years to restore the Jaguar and, gearbox apart, it looks as though it

has just been driven out of the showroom.

Vellozo, like Dr João Mendes Almeida, president of the Clube de Automóveis Clássicos da Madeira, has taken part in the event since the first rally 10 years ago. Dr Almeida, an ear, nose and throat specialist, has three classic cars... an MG TC circa 1946, an HRG Aerodynamic of 1947 and a 1953 Jaguar XK 120 which he is driving in the rally.

The Jaguar was his favourite, he said, "because it is more fast, more strong - and I like very fast cars."

But why hold a classic car rally in Madeira?

"Madeira is a beautiful island," says Elma Gonçalves, of the PR consultancy Abreu, agent for the rally and club. "The climate is very good all the year round, it is very scenic. It is a very nice place to hold a classic car rally."

The rally route is indeed beautiful. On a preview drive, snaking north from sunny Funchal on the southern coast into the mountains, the bright subtropical flora - blue and white agapanthus, brilliant yellow gazanias and cascading



Pit stop: the 1955 Fiat Millecento followed by a 1955 yellow Morris Minor split screen convertible and a Renault 4CV

purple jacarandas quickly gave way to cool green ferns, coniferous forests and a myriad white hydrangeas - and mist.

Our fleet consisted of a plum-coloured 1954 Austin

A40 with a hydrangea-white roof. Owned by Filipe Ramos, a radio journalist, it was originally won in a local football club raffle.

I chose an agapanthus-blue Renault 4CV, owned by

one João Caracho. The chic 4CV is all rounded curves and French panache. Known as the "Joaninha" in Portugal, it is like a Morris Minor, writ small, with a 480cc engine in the back and a

knitting needle for a gearstick. The particular model which I chose, a 1957 Renault 4CV - a youngster at just 40 years old - contained an antique valve radio that took longer to warm up than

the engine. A gazania-yellow Morris Minor split-screen convertible, circa 1955, and a jacaranda-purple Fiat Millecento Turismo Veloce saloon, also born in 1955, completed the motorcade.

First stop: Victor's Bar at Ribeiro Frio, where the local population gathered to admire our little fleet. Dr Almeida accompanied us in his everyday car, a new metallic-grey Mercedes SEL convertible - no one took any notice of that.

Onwards and upwards, and after a copious amount of double-declutching to get the cars into first for the hill climbs and hair-pins, the little fleet trundled past the sheer drops into Santana in the north of the island for lunch.

"This is not a typical rally course," I mused to Elma.

"No, it is not very difficult, it is not what you would call a 'strong' rally. It is really to see the views, to enjoy the sun, to enjoy the island," she replied.

But the event does attract some intrepid types - on one occasion, it kept raining night and day, says Elma. "Some of the open cars

couldn't be closed up but the rally went on. In particular, two ladies came in their open Bugatti without a hood, but they drove the whole rally route with crash helmets, sunglasses... and an umbrella. Can you imagine?"

Lunch over and we were eager to go. The ancient Austin had, by now, developed a slight radiator leak but "it's always doing that," shrugged Filipe and, with a few more shrugs - even I was doing it by now - off we went back to base.

Base was the quiet opulence that is Reid's Palace Hotel, the sort of place where our ancient fleet seemed to fit in perfectly as part of the scenery.

Later, while surviving Funchal and the shimmering bay through the palms over cocktails on the terrace, I thought struck me. My MG Roadster is 19 years old. I have only 11 years to wait before I can enter it.

■ Entry for "pilot and copilot" this year cost Esc250,000 (about £280) per person for two people and one car. This includes return flights from London or several other European airports, rally fee, car transportation and insurance and accommodation at Reid's.

■ To enter next year's rally, telephone Agência de Viajantes Abreu, 351-91-231077, or fax 351-91-236522/236531 or Mafra de Portugal on 0181-71 1181.

Homage to a hat trick

John Griffiths takes part in a tribute to the D-type Jaguar

Aldes Dos Santos Diniz has the aquiline features and aristocratic demeanour of emperors in old Hollywood movies, and the easy self assurance that comes with great wealth and the control of one of Brazil's largest retailing enterprises.

Andrew Baber is thin, casually dressed, with the rich Gloucestershire brogue the product of a family rooted for generations in the Forest of Dean.

Gerry Neil is 6ft-plus of booming Wisconsin American, his fortune made from construction.

The seemingly obvious response to the question of what these three might have in common is - not much.

And its wild inaccuracy could be found in all the huge schoolboy grins and animated chatter of all three in the shadow of the main grandstand at Le Mans last weekend.

The trio, along with another 20 equally adrenalin-overdosed companions, had just competed several laps of this, the longest, fastest and perhaps most awe-inspiring of all road racing circuits. They had done so as the pièce de résistance of Jaguar Cars' and Pirelli's D-Type Cavalcade to Le Mans, in homage to the 40th anniversary of Jaguar's hat trick victory in the world's most famous 24-hour race.

What they have in common is a driving passion - and the financial means to enjoy cars of which most enthusiasts can only dream, and where a price of between \$1m and \$2m is almost bargain basement. For even the easy-going rusticity of Andrew Baber deceives. Part of the family which founded and controlled the Westbury property group until its highly satisfactory sale, Baber runs his own property leasing company.

Jaguar's hat-trick win was by Ron Flockhart and Ivor Bueb; their car the D-Type Jaguar after which the cavalcade is named. There are 15 in the cavalcade, of 87 built, most being driven by their owners.

In this respect, at least, Aldes Diniz, whose nephew Pedro partners Damon Hill in the Arrows grand prix team, is different. His cavalcade Jaguar is a distant successor to the D-Type but with a heritage shared: a road-going XJ220 "supercar", it, too, has had a stalemated cross the finish line first at Le Mans. And Diniz' enthusiasm is the same.

Collectively, these cars are worth on average at least \$3m to \$4m. Hacking down the open country roads to Le Mans, racing exhaust blaring off walls, lashing needles of rain and lack of wind-screen providing both free bath and what feels like industrial-scale acupuncture.

I try not to think about what "mine" - XKD 401, Jaguar's own and the very first off the production line - is worth.

The Jaguar Heritage man's response to my hesitant

query - "oh, about a million (sterling)" - had been intended as reassurance I was later to find out: five times that figure, it appears, might be nearer the mark.

Whatever, as Bob Dover, Aston Martin chief executive, Jaguar Daimler Heritage Trust director, and fellow cavalcade member, points out - it's all hypothetical: the car is unlikely ever to be for sale.

Most "D" owners could hardly be blamed if they wanted to keep them warm and locked away. During the classic cars market bubble of the 1980s, many met precisely such a fate - they were, suggests Wisconsin's Gerry Neil, "not enthusiasts - just investors". There is a hint of glee at the many who got their fingers burned when the bubble burst, even though it has meant Gerry's own XKSS, a road-going version of the "D", falling well below its \$2.2m market peak.

Not one, despite each car's 40-plus years, has had a major breakdown in the cavalcade, Norman Dewis, now

Now we are on the notorious Mulsanne straight - at a mere 120mph

76 and retired, was chief development engineer at Jaguar for 35 years overseeing the birth of 25 Jaguar models as well as racing himself. Of that most faithful of his racing days, when 84 died in 1955 in an accident at Le Mans, he does not wish to talk. At the wheel of a D-Type, though, his enthusiasm is undiminished. He grins at the suggestion that Jaguar's fault-free cavalcade is a feat of merit. The "D's", he points out, are still something special.

It is difficult to describe the sensation of moving collectively on to the Le Mans circuit, an hour before the race itself. The 15 "D" engines, of nearly 300 horsepower propelling well under a ton, bark and bellow, unforgettable and spine-tingling. My own Porsche racer, a creation of wings and giant slicks and downforce, sticks to the road like glue. The "D", once seriously under way, shifts and writhes on impossibly skinny, grippless tyres; the puny brakes a triumph of good intention over achievement. The thing is alive, exhilarating - and daunting.

Now we are on the notorious Mulsanne straight; at a mere 120mph, in the daylight and in the dry, the car is already light and nervous - to say nothing of the driver. I recall that Flockhart and his ilk took the straight, with its flat-out kink, at 180mph in the dark, with almost non-existent lights, no seat belts, no rollover bar and frequently when it was pouring. And in recalling, I redefine my heroes.

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TRAVEL

Come home to Cathar country

Giles MacDonogh enjoys churches, art and food in and around Albi

Times change and historical interpretations change with them. When I was growing up, the Cathars were considered heretics with dodgy sexual habits. Go to south-western France these days and you will find shelves full of books to prove that the Cathars were the apostles of Occitan nationalism, "caring" Christianity, free love, feminism and vegetarianism.

The greatest monuments to the Cathars are the ruined castles which litter the high ground on the old French-Catalan border. The greatest symbols of their repression are to be found in the austere lines of 13th century churches: the Dominican church in Toulouse, and above all the cathedral in Albi.

The strict and powerful profile of the fortified cathedral has been softened over the years, partly by the demolition of the old perimeter walls and the picturesque

aspect of Albi itself, with its bridges over the Tarn and Italianate mills with their upper floors projecting over mossy corbels; and partly because of Bishop d'Amboise, who brought Renaissance craftsmen to the city and who was responsible for the lavish interior decoration of the vast church.

By that time the land between Toulouse and Albi had grown rich on the wool trade. "Royal blue" was eventually superseded by cheaper indigo from the Indies, but not before it had added its lustre to the churches of the later Middle Ages, Albi included.

Bishop d'Amboise's painters covered every inch of the cathedral with a happy blend of Gothic and Renaissance. There seems to have been a remarkable amount of improvisation, too, and the grisailles conceal a number of portraits and caricatures of clerics indulging in vices once associated with the Cathars themselves.

No wonder, perhaps, that Albi should be the birthplace of Henri de Toulouse-Lautrec, whose eccentricity led him to spend four years in a brothel, studying the inmates. Some of his wildness was inherited from his father, who rode to hounds dressed as a Cossack.

Toulouse-Lautrec's mother later left 1,000 of her son's canvases to the city of Albi where they form the pride of the collection housed in Bishop d'Amboise's old palace.

The Albigeois is built in a warm pink brick, much like the famous "vile rose" of Toulouse. The brick zone extends to Gaillac to the west, another ancient town which towers over the Tarn. Today the Gaillacois is better known for its wines.

I visited Jean Albert, whose 100-acre vineyard had had a rude attack of frost just a week before. It had reduced his production by 60

per cent at a stroke. His best wine was an 80 per cent Braucol Cuvée Guillaume - a big, chewy, tarry wine with plenty of persistence. Fortunately, he still had plenty in stock from the three previous vintages.

I was staying at Les Pradailles in Flac, in a *chambre d'hôte* belonging to Roger and Ulli Clarke, an English-German couple who moved to France four years ago and whose three well-appointed houses offer possibilities for painting, riding and golfing holidays as well as those of a more purely sybaritic bent.

The local restaurant - Les Marronniers in Viterbe - is just a kilometre away. There, the Gaillac wines of Michel Issaly at the Domaine de Ramaye were also in evidence.

They accompanied a duck-dominated meal - *rillettes*, *foie gras*, *confit* and so on - cooked by former *pâtissier* Jean-Luc Viala. Not surprisingly, his *tarte fine* proved the high point of dinner. I



Toulouse-Lautrec's 'Au salon de la Rue des Moufins' from the museum housing his work in Albi

spent the next day ambling around Toulouse looking at churches. The great Romanesque basilica of Saint-Sernin had been sadly mauled by the revolutionaries, who had robbed it of its frescoes.

All that remained of a bas-relief of St Christopher were his feet. At the Cathedral of Saint Etienne, I was amused

by a chapel set up by Pope Pius IX (he of Papal Infallibility) which promised remission of time in Purgatory (seven years and seven lentils) for anyone who had said a prayer for the Pope.

St Augustin has become a museum since the revolution, many of the exhibits were originally plundered by Napoleon, a sad omen for

those who still harbour a hope that some of the 2.5m German works of art still in Russian hands might come home one day. Particularly lovely is a representation of St John the Baptist and St Augustine by Perugino.

By now my feet had begun to ache and I had found Au Père Louis in the rue des Tourneurs. This is one of the best-preserved bars in France: just four seats, a number of dusty casks and a series of yellowing wall-paintings which appear to have been added as recently as the 1830s. The bar specialises in muscat wines and "Quinquina", a bitter orange and quinine aperitif sold nowhere else.

I finished the day at Le

Pastel, the most exciting new restaurant in Toulouse. Gérard Garrigues used to work with top chef Alain Ducourmier in Paris and has come home with some sophisticated flourishes to add to his south-western repertoire. With glee he led me up into a huge larder where there were hanging several score of hams and hundreds of sausages, all from pigs selected, bred and fed to his requirements.

Some of this ended up on a plate placed before me as I studied the menu, but once again the accent was on duck: artichokes stuffed with *foie gras* and truffles; a magnificent *tarte tatin* of glazed baby turnips topped with an escalope of *foie gras*, and a slice of bread covered with pine kernels, grilled pigeon and *foie gras*.

Local goats' and ewes' milk cheeses were followed by a pear "pastilla" with nougat; a *confiture de vieux persim* (fruits pickled in Armagnac); and a lovely little pumpkin tart.

It was one of the best meals I have had this year. As I caught my breath at the end of it I looked around the room to see a crowd of happy, chomping Frenchmen revelling in their meat, and not a Cathar in sight.

■ Giles MacDonogh's weekend was organised by Crystal Holidays 0181-241 5830. He stayed at Villa Les Pradailles, near Lavaur. A week at this self-catering farmhouse costs from £110 per person based on nine sharing. He flew from Heathrow to Toulouse with Air France.

■ Roger and Ulli Clarke: 00 335 63 70 52 07.

■ Les Marronniers in Viterbe 335 63 70 64 96.

■ Le Pastel in Toulouse 335 61 40 59 01.

All of Canada on an island

Hugh O'Shaughnessy visits the country's smallest province

This is all the many Canadas for the price of one. Scots Canada, Irish Canada, French Canada, aboriginal Canada, traditional, conservative, Canada, literary Canada, golfing Canada, all are on Prince Edward Island.

The only things missing - on what is universally known as PEI - are the Rockies and the great rivers in this, the smallest, quietest and most densely populated of all the country's provinces. You are seldom out of sight of the sea and nothing is much more than an hour's drive away.

"When I first set foot in PEI I felt I had gone back 25 years in time," recalled a friend.

If you want to see Canada but feel you cannot wrestle with Toronto, or deal with the exotic way the Quebecers pronounce the language of Cornelle and Molière, or travel far into the Yukon, then the gentle city of Charlottetown, PEI's capital, is your destination.

It is not necessarily that the island is better suited to the over-60s, but PEI would ideally suit those who like holidays in, say, Lincolnshire or Rutland. Its red earth yields crops of potatoes which find markets all over the world. The shores provide lobsters, oysters and mussels by the ton. It is a tranquil, gentle beauty.

The legacy of the Scots settlers who came when the British redcoats drove out the French 2½ centuries ago is to be found all over the island, not least in the quiet sobriety that supported the prohibition of alcohol for decades and which still keeps the sale of liquor under tight controls.

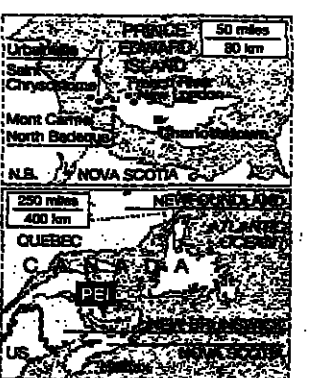
Alcohol is sold in no more than 16 shops and never on Sundays; you have to be 19 to drink it and even if you are 90 you are forbidden to take a nip on any of the public beaches. The effect, it must be said, is restful rather than puritanical.

The Irish, too, have left their mark and there is a regular *ceilidh* every Friday night at the hall of the Benevolent Irish Society on the edge of Charlottetown. On the night I was there the Chaisson family, father, uncle and sons, gave the packed and enthusiastic audience a performance of fiddling which would have graced any *ceilidh* in Ulster where many of the island families have their roots.

The Micmac Indians have a small reservation on the north coast and French-speaking Acadians live in villages with names like Mont Carmel, Urbainville and Saint-Chrysostome. The main historic monu-

ment in the capital is the colonnaded Province House, where delegates from what were then the separate colonies of British North America took counsel together in 1864, worried by the possibility of a US invasion and defence cuts in London. Three years later the Dominion of Canada was born and Charlottetown has since called itself the Birthplace of the Confederation.

There is one enormous and unique tourist attraction on PEI but it is a characteristically gentle one. The island was the birthplace of Lucy Maud Montgomery, author of the young people's classic, *Anne of Green Gables*, which she set among the village, creeks and sand dunes of the north shore of



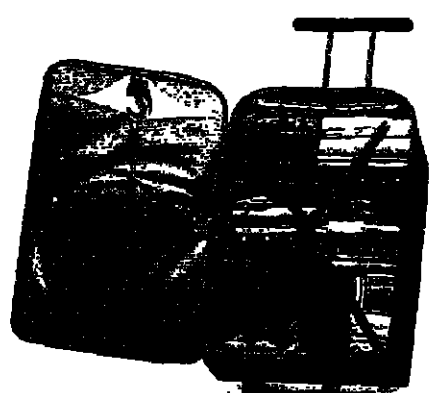
the island. The adventures of Anne, her heroine, the orphan with freckles and red hair done in pigtails, took place around the villages of Cavendish, New London and French River.

For many who have read the books, the area is a place of pilgrimage, especially Montgomery's birthplace in New London. Japanese girls, in particular, want to visit the island of their dreams. At the house at French River, where the author married her fiancé, Ewan, you are likely to come across the wedding of some starry-eyed Japanese pair. There are on average 12 every week.

Golfers have 11 courses to choose from, all within sight of the sea, the fees in some places costing less than £10 a round. The ideal way to visit is to put up in one of the hundreds of bed-and-breakfasts, many run by local farmers' wives. I stayed with Gordon and Ruth Ann Waugh on their farm at North Bedeque in great comfort and learnt more about the island and its life over an enormous breakfast than I could have done any other way. At £20 a night, it was a splendid bargain.

■ Air Canada (tel: 0950-247226) flies daily from London to Halifax, Nova Scotia, and Air Nova takes you the remaining 25 minutes to Charlottetown.

ZANZIBARPOOF



To travel in traditional style is all well and good, but there are more convenient alternatives such as the Samsonite Ultra Transporter. This is because it is a well-organised luggage system (thanks to the horizontal shelves) which allows you to pack everything quickly and efficiently and even makes unpacking unnecessary. Anyone who uses their head will turn to the new Ultra Transporter.

Samsonite

سكاي كاري

TRAVEL

OK, THERE'S NO NEED TO SHOUT...

...especially in Molise, whispers Tom Fort, who finds some of the Italian region's secret treasures

It is half a world away from the wearisome familiar rural Italy of Tuscany and Umbria. The Romans, who know everything, do not bother with it; aware only that it is the poorest region in the country, which is enough for them.

So one would visit its capital for reasons other than passing business; even though, high above a horrible sprawl of suburbs, there are charms in the twisting, laby streets of the old town.

There are other compensations there. The people have a reputation for being courteous and not shouting. They have yet to acquire the savoir-faire and surtness of their more sophisticated cousins. There is, as well, the pleasure of not being among other tourists; of restaurants where the harsh voice of the expatriate raised in praise of the local vino and extra vergine is unknown.

The history is long, back to hunter-gatherer times. Its legacy is rich, in the castles, the medieval villages, the ruins of abbeys and Roman settlements. And there is unexpected natural beauty: snowy mountains, sweeping forested hills, sweet-smelling meadows, untainted streams.

The region is called Molise. It lies to the south of Abruzzo, to the north of Campania, stretching from the high spine of central Italy to the smooth waters of the Adriatic. There is no reason why I should ever have gone there; except that my uncle, a retired Royal Navy officer who lives beside Horace's villa near Tivoli, had sung its praises - and that I should have had an invitation from an angling-mad architect in Rome to go with him to fish for trout in its main river.

It was early May, just post-election in Britain, and a good time to turn from hot air to rivers. The rain was beating down as we passed



Molise: a world away from familiar Italy, with the pleasure of not being among other tourists

through Ovid's elegant birthplace, Sulmona, on our way south. We plunked during a brief pause in the downpour, and arrived in Isernia, which is about the size of Wokingham, and one of Molise's main centres of population.

It was damp and doleful, and every shop and bar was shut. Isernia gives the impression of having had the stuffing knocked out of it by

a succession of natural and man-inflicted disasters, culminating in a calamitous earthquake in 1984.

The flaky houses lining the dark, cobbled streets were clamped together by steel girders; the only animation provided by an old man who, in response to a shout from a little boy, produced unnervingly faithful imitations of a whining dog and a donkey demanding its break-

fast. By evening we were in Campobasso, the capital.

Its Samnite origins (the Samnites were the indigenous people who held sway after the Greeks and Etruscans, and who were themselves elbowed out by the Romans) are celebrated in the lavishly appointed Museo Provinciale Sannitico, where cabinets of uninteresting rusty arrowheads and knives alternate with highly

speculative reconstructions of fifth century BC costumes.

Down below, the main square heaved with people, a heartening affirmation of the enduring appeal of the evening stroll, the passeggiata. Up and down they sauntered in their best clothes: three elderly men, arm-in-arm, leaning inwards so as not to miss a word; teenage girls giggling in clusters; youths

gathered unthreateningly around their scooters and motorbikes. Families arrived by car from the outskirts, then stepped out into the dusk to find their friends.

More peaceful still was the Roman town of Saepinum, now Sepino, a few miles south of Campobasso. In general, I am not much of a ruins man. But here enough survives - in the amphitheatre, in the remnants of



the houses, in the fountain and water mill and olive presses, the pavement running along the main avenue - to give a feel of those distant times.

Tiberius and his brother Drusus funded the system of walls, bastions and arches which still encircle the town. Within 1,000 years passed without too much happening, until the Saracens arrived and smashed it all down.

There was no one around as we wandered through the whitened stones, apart from a gang of workmen engaged in leisurely grass-cutting. One of them, who had worked for General Motors in London for many years, confided that he had found coming home something of a trial. The only way to get a decent job, housing, anything, was by graft, he said. "We English," he complained, "have trouble with that way of doing things."

Already, looming to the west, we had been aware of the massif known as the Matese, crowned by peaks where the last remnants of Samnite dominion were expunged by Roman forces. We drove up through the village of Quadreglio, stacked up precipitously on the lip of a gorge. The road climbed and climbed through beech forests just bursting into leaf, until it - or rather we - could climb no further, for it was blocked by snow.

A tedious retracing of steps later, we set off to walk the lower slopes. It is magnificent tramping country, the woods split by bare, rock-strewn ridges where horses graze, their bells sounding through the marvellous air; the meadows bright with orchids, anemones, campion and pansies. Or it would be, if one could lay hold of a decent map. "Non esiste," said the bookseller in Campobasso when I asked for one.

So, by gradual degrees, we came to Colli Volturno, where I was to meet my friend from Rome and fish the Volturno for Italian trout. The tragic character of this adventure requires a more extended narrative than I can give here. Suffice it to say that divine intervention, in the form of a succession of cloudbursts, meant that of actual angling there was almost none.

The consolation, for which I was not wholly appreciative, was that we were able to round off our excursion by dropping in on what remains of the abbey and monastery of San Vincenzo.

Here, close to a crystal-clear stream which feeds the Volturno, Neanderthal man hunted and gathered; and here the Lombards, or Lombards, chose to found the first religious settlement.

The terrifying Saracens put a stop to all that in the ninth century, killing all the monks and knocking down their monastery. A new one was built down the hill; and that eventually fell down because of earthquakes and neglect.

Now there are some ruins, and a crypt containing ancient frescoes of great rarity. The place is run by a handful of sweet-tempered American nuns, who will open the gates and tell you in quiet tones of the long troubled history, and ask you nothing for it. **Tom Fort flew to Italy as a guest of Initiator, 205 Holland Park Avenue, London W11 4XB. Tel: 0171-371 1114.**

We were deer shining. Driving at night through orchards and fixing deer with a spotlight. Suddenly my young daughter squealed with excitement: "Dad, stop! There...in the tree, Meeko!" The raccoon, a central character in Disney's animated classic *Pocket of the Moon*, was snug in the crook of a cherry tree. The black rings around his eyes made it look as if it had spent a week on the razzle. We watched each other for a couple of minutes before he backed down the trunk and shuffled off into the long meadow grass.

□ □ □ We had been trolling for three hours. Chugging slowly up and down out on the open water. Suddenly the fish hit 100ft down. Captain Jack invoked the Shroud of Turin: "Holy Sheet About Time." He leapt out of the wheel house, arms whirling and struck the lure home.

"Get yer ass over here, boy, and reel it in," he commanded my teenage son, thrusting the rod at him. Five minutes later, he had caught his first lake trout.

□ □ □ Two abiding memories of Leelanau.

The county of Leelanau is a peninsula that sticks out on the west side of the state of Michigan. Further to the west, as far as the eye can see - and then some more - is fresh water. To the east is more fresh water, Grand

Traverse Bay, but on this side you can see land. All this water is part of the lake called Michigan in Algonkian (the native Indians), or "monstrous lake", with monstrous meaning "big". Michigan is the third largest of the Great Lakes and the sixth largest mass of fresh water in the world.

The Chippewa and Ottawa Indians used to make temporary camps on the peninsula. They hunted deer and other forest animals, tapped the maple trees for their syrup, fished for trout and salmon, harvested the wild rice that grew here.

The temper of their lives, the rhythm of the seasons, was only disturbed by the arrival of the white man. At first the changes were not dramatic as Leelanau was isolated - it was not on the way to any other place. But it was on the shore of a great lake which was fast becoming an integral part of a vast routeway that led from the heart of a newly opened continent to the seaways of the world.

With the development of steam power in the middle of the 19th century, loggers looked to the dense stands of trees to provide cord wood to fuel the passing boats. Sawmills were established and permanent settlements made. As usual, the government reassured the local Indians - in 1836, the Chip-



Catch of the day: charter fishing on Michigan

pewas and Ottawas had the right to own and occupy millions of acres confirmed. As usual they were cheated and defrauded.

In 1943, the Indians who lived in Leelanau County

were given the deed to 200 acres of land, including a 12-acre reservation at Peshawbestown on the peninsula's east shore. This was given federal recognition in 1960. In 1985, a casino was opened

Information

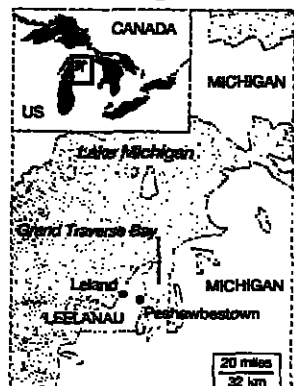
■ The Sugar Loaf Resort has indoor and outdoor swimming pools, six lifts, a golf course, tennis courts and an airstrip. Room rates start from \$95. Address: 4,500 Sugar Loaf Mountain Road, Cedar, MI 49621-9755. Tel: 616-228-5461 or 1-800-968-0576.

■ Captain Jack Duffy operates Whittaker's Charters, PO Box 105, Leelanau, MI 49854. Tel: 616-228-7457 or 7535. A half-day fishing trip starts at \$240 for a minimum of four persons.

■ The best fish chowder Christopher McCooey ate was at The Cove in Fishtown, Leelanau. Tel: 616-228-9634. A bowl costs \$2.95 and, with a crusty roll and butter, is a meal in itself.

as well as a 450-seater bingo palace, a 53-room motel and an Indian art store and gift shop. Today these business ventures provide the local Indians with a stable economic base.

The tourists attracted by gambling are not a recent phenomenon. They have been coming for more than 100 years. Originally attracted to the area's peace and rural charm in contrast to the urban hustle of Detroit and Chicago to the south. Today Leelanau's quiet, clean land is popular for second homes.



In the second half of the 19th century, the lumber industry began to run down - the original forest cover was exhausted and, as the new century dawned, the internal combustion engine took the place of steam. Instead of cutting down trees, local landowners began to plant them - apple, cherry, peach, pear, plum.

The local conditions proved ideal for fruit trees, and later, grapes. The secret to this success was the

microclimate. The lake stores up the summer heat and with a prevailing, westerly wind this extends the autumn. The moderating effect of the water warms the Arctic blasts of winter, so the area does not receive the sudden temperature plunges that can be fatal to vines and devastating to delicate blossom.

In addition, deep winter snow not only brings pleasure to the thousands of Michiganders who come to the area to ski, but it also brings comfort to the root systems of fruit trees and vines, protecting them from freeze-thaw patterns.

The moderate summer temperatures result in a slow-ripening process which makes for fruitier fruit and grapes with better taste making better wines. Michigan state is fourth in the USA for grape growing and fifth for wine production.

The 11,000 acres of cherry orchards in Leelanau County produce a quarter of the state's crop. Commercial

planting began in the 1880s, taking advantage of the warm sandy glacial loams.

At first the crop was picked by hand and the stones removed manually to make pies and fillings. Just before the first world war, the industry was given a flip-flop with the invention of a pitting machine and the establishment of a canning company.

Today the cherries are picked by machine, which has largely done away with the hundreds of migrant workers that came for the harvest up until the 1980s.

As for fishing - many of the commercial ventures have closed. The net drying sheds and icehouses in towns like Leelanau have been converted to trendy gift shops and boutiques. But the sport fishing remains and flourishes. Control of pollution and restocking has meant that there are good catches of perch, brown and lake trout, steelhead, chinook and coho salmon.

Unlike the well-off Michiganders who charter local boats, the local Chippewa and Ottawa Indians have special fishing rights, reminding them of the time when the lake and the land was theirs, and theirs alone.

The waiter removed my plate with a theatrical flourish at the question (I thought) of "Are you finished?" When I assented he boomed with ferocious jocularity: "Then you are a liar. Just now you say you are English."

The young Japanese sitting opposite, in charge of a cheery group of 20, looked panic-stricken. "Is he making jokes?" she asked in terror. On told that he was, she relaxed into fatalistic gloom.

Lunch on the Glacier Express is a lively experience. Despite the preponderance of tourists and glass-topped carriages, despite the giddy engineering feats that make it an international marvel, the train is still the local stopper. It winds its way along serpentine gullies, gently rising or descending through gorges or the almost garish dazzle of a Swiss summer, fields as green as

An express delight

Martin Hoyle takes a Swiss railway journey

Ireland, flowers ablaze, plant-decked chalets looking like overgrown music-boxes. The stops are frequent, the fact that locals take the train for granted as Surrey commuters take theirs in England - rather more so, actually - adds to the charm.

Sittings for lunch on the *volant* restaurants begin at 11am. Food and wine are local, hearty and satisfying, courtesy of *Gourmet Graubünden*. The Glacier Express operates only in the summer for obvious reasons and is an ideal way to link stays in St Moritz and Zermatt, two nicely contrasted resorts. St Moritz is a holiday centre, *tout simple*, and truth to tell, rather characterless. You might as well stay just outside, at the *Suvretta*. This vast, palatial hotel goes back

to the turn of the century and still impresses with baronial, oak-lined halls, in one of which Miljinsky suddenly stopped in mid-dance to be taken away to hospital.

Do wander around Zermatt, still a village and easily explored from the centrally situated Zermatt-Hof Grand Hotel. Less gitty and more bustling (although only horse-drawn vehicles and electric cars are allowed), Zermatt is a more genuine place, still recognisably Swiss. And slightly British, as I found by chance one Saturday evening as I followed the signs to the British church.

In the little cemetery lie past residents and visitors, ranging from climbers who slipped to Edwardian women killed by falling rocks as

they strode along mountain paths. Housewives, undergraduates, home counties office workers, all bear testimony to the fascination of the Matterhorn that rears above the town, gleaming white, beautiful and sinister, the twist in its neck giving it the look of a cobra drawing back for the attack.

Music was coming from the little Victorian church. Inside, the English chaplain, a delightful Church of Ireland (Protestant) clergyman, was checking next day's hymns with his Irish Catholic wife. The organ accompaniment had arrived pre-recorded, a sort of ecclesiastical karaoke, but the couple had to play it through to see if its hymns had the same number of verses as their own books. Zermatt no

longer has the expatriate population for a permanent British chaplain, but holidays and the high season maintain the Anglo-Swiss tradition.

The Glacier Express route proudly reminds you of the area's most famous local son, the artist Giacometti. There are other painters, too, though at first glance the locals seem unduly modest about the art on view. Signs to art exhibitions with the words "Not Vital" added had me puzzled: Swiss phillistinism? Pragmatic advice for tourists with limited time? It subsequently emerged that Herr, or Monsieur, or Signor, Vital is an artist, though so far the international fame of Giacometti has eluded him. One wonders why.

■ *Suvretta House, St Moritz*: 081 832 11 32, fax 081 833 85 24. *Grand Hotel Zermatt-Hof*: 41 27 966 66 00, fax 41 27 966 66 99. *Glacier Express*, booking obligatory for lunch: 081 22 14 25, fax 081 24 52 75.

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PROPERTY



Short on space but big on charm

Grald Cadogan charts the chequered history of London's mews houses – from rough stable blocks to bourgeois living space

As recently as 1971, when Antoine Lurot founded The London Mews Company, central London still had new properties that had not been converted to bourgeois living space but kept their loose boxes for stabling horses.

Some were complete with wicker walls surmounted by iron railings, says Lurot. Others had been partly altered with the creation of a garage. There are even some rare remnants of horse-drawn life still to be found today.

The word "mews" is rooted in London. Around 90 years ago it was the name of the royal stables at Charing Cross which were built on the spot where the royal hawks used to be kept – or "mewed". A mews was a hawk's cage where the birds could moult.

By the 17th century, John Donne, poet and Dean of St Paul's Cathedral, used the word mews to describe non-royal buildings in an alley for parking carriages and stabling carriage horses.

A shortage of homes after the blitz made even the cramped mews houses look attractive

That usage survives today.

Mews were a significant social marker. They were attached to more important streets, squares, rows or crescents, where each smart house had a subsidiary mews house at the end of the garden, with room for the horses and carriage and humble accommodation for the stable staff above.

The fashion for mews living in the heart of London started before the second world war, Lurot thinks, and probably in Belgravia, among those who wanted to live in smart areas of London but could only afford the back alleys among the groans of the chauffeurs.

The warchanged everything. The huge shortage of living space after the blitz made mews houses look attractive even with their cramped conditions. And, Lurot points out, there were many poor among the upper classes who faced the Labour government's income tax of 80p in the pound, but who still wanted

to be in Belgravia.

The solution was a move to the mews. In the 1960s, mews houses grew in popularity. But it was not until the 1980s that they became part of a trend towards personal freedom that included espresso bars and the new Mini car. Radical chic had arrived. Since then, the mews market has never looked back.

Today, mews can still fulfil the semi-rebellious aspirations of the childless bourgeoisie because they remain, as they began, houses on the back side of the main property. But the name has enough cachet that developers building small town houses call them mews, even though they have nothing to do with horses.

Mews were rough old places, Lurot says. Even when converted, "they have grown in a higgledy-piggledy way," which gives them charm. They need charm, as space is short – it should be possible to have one large room downstairs in the former stabling, and one decent-sized bedroom. But they do not have a back garden and open straight on to the road at the front.

Some have a garden on the roof. "But the planners do not like that," says Lurot, who finds that they have a disciplinary approach to mews, even though they were never orderly sets of buildings.

If a mews house has a garage, that is a great asset, since almost all mews roads now have council parking restrictions or, if they are private roads, parking is controlled by the estate or management company. In valuing a property, car space is as important as the living room and the bedroom.

A good example of a mews in Belgravia is 20 Chesham Mews, SW1. It offers an address in a smart area, a garage, a bedroom, and a 30ft drawing/dining room for £425,000 for a long lease (through De Groot Collis or Hamptons).

Number 25 is a larger property in the street, with three bedrooms, and costs £825,000 (through London Mews or WA Ellis, which also has a mews to let in the street for £275 a week). Mews-hunters must decide how big a premium to attach to an address in Belgravia.

A classic mews house in South Kensington is 15 Ensor Mews, SW7, off Crisley Gardens, with three bedrooms for £495,000 from Douglas & Gordon. The house has 49 years on the lease, but the garage is a separate lease – as is often the case – with nine years left, although this can be

extended. A good alternative, with off-street parking, is 5 Warwick Square Mews, SW1, in an attractive street (for £425,000 through London Mews).

What must be the most expensive mews house on the market is 49 Easton Mews North, SW1, with three bedrooms and an extra sitting room or fourth bedroom, which Knight Frank is selling for £1,195,000 for a long lease.

Much cheaper, at £380,000, from Foxtons or London Mews is the three-bedroom 18 Upbrook Mews, W2.

New mews houses are available across London. Hampstead offers Old Brewery Mews, NW3, (£450,000, Goldschmidt & Howland), and Belgravia has 29 Kinner Street, SW1 (£695,000, Hamptons) – or buy number

40, an old mews house, for £495,000 from Chesterfield.

In W1, WA Ellis is selling the new 8 Beverston Mews, off Upper Montagu Street, for £275,000, and in SW7 Hamptons offers 16 Onslow Mews West, built about 10 years ago, for £480,000. In SW1, three new houses are for sale in Wetherby Mews, off Bolton Gardens: £440,000-£535,000 from Aylesford or Farrar.

Aylesford, 0171-351 2383; Chesterfield, 0171-521 5294; De Groot Collis, 0171-235 8090; Douglas & Gordon, 0171-225 1225; WA Ellis, 0171-521 7654; Farrar, 0171-373 8425; Foxtons, 0171-616 7000; Goldschmidt & Howland, 0171-435 4404; Hamptons, 0171-594 2044; Hamptons, 0171-530 3000; Knight Frank, 0171-584 3171; London Mews Company, 0171-402 3275.

The attractive Warwick Square Mews, SW1: No 5, with off-street parking, is for sale, priced at £425,000

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PROPERTY

Daniel Defoe wrote in 1724: "From Richmond to London, the river sides are full of villages, and those villages are so full of beautiful buildings, charming gardens and rich habitations of gentlemen of quality that nothing in the world can imitate it."

The areas which so impressed him were essentially farms and market gardens, with a scattering of "country houses" and manor houses. At that time, places such as Barnes, Kew, Ealing, Richmond and Chiswick were still rural villages. They remained that way until 180 years ago.

The railways transformed them. Stations such as Gunpowder and Goldhawk Road on the District and Metropolitan lines were built in open fields. They were swiftly followed by merchants' villas, workers' cottages and suburban housing, transforming the fertile soil of west London into part of the Victorian metropolis.

Despite the vast scale of development, two characteristics ensured that the village areas retained their charm. First, any untouched areas have remained as such, green open spaces. From the huge expanses of Richmond Park and Barnes Common to the pretty patches of Kew and Brook Green, west London has leafy space in which to breathe.

Second, these places have retained their village feel: they have a physical centre and a sense of community. Their desirability remains unquestioned.

Today, west London's villages are essentially home to the English middle classes. They have tennis clubs, good primary schools and specialist local shops. Alongside the popular chains selling formula pizza and pasta they have their own good neigh-

Breathing space in village London

Anne Spackman compares history and house prices in the capital's leafy western areas

bourhood restaurants. They are similar to the most prosperous suburbs found in every English city.

It has always been fashionable to criticise this suburban lifestyle. Since the sprawl began, architects have complained of a lack of strategic design or shape. Yet the life on offer remains popular, as prices confirm.

It costs at least £300,000 to buy a modest family house in any of the popular village areas in west London. For a Victorian house with five or six bedrooms, prices are generally around £500,000, with the best homes fetching more than £1m.

The further north you go in Ealing, Chiswick and Hammersmith, the younger the population tends to be. From the riverbank in Chiswick, south through Barnes to Richmond, the area is dominated by families.

The profile of the buyers across the suburbs is very similar. They arrive as young married couples, often with one baby, having moved out from inner London, usually from a flat. They then trade up within the area as far as possible.

Ealing probably offers the best value. The one-time "queen of the suburbs", as Professor Roy Porter records in his *London: A Social History*, it had, until 1911, the highest proportion of professional people and merchants of any west London area. It was famed "for its healthy environment, superior villas and good amenities".

The legacy of that Victorian prosperity is one of the largest stocks of substantial family houses in west London, though the gardens tend to be rather mean. Winkworth, which is strong in the family house market, says that apart from gardens, the main factors affecting values are nearness to schools and public transport.

Prices for four-bedroom houses with garages and good gardens, built in the 1920s and 1930s, or for smaller Victorian houses, are around £300,000. Popular areas include the Haymills estate and anywhere within five minutes' walk of Ealing Broadway station.

For five-bedroom Victorian houses, Michael Murphy of Winkworth says you should expect to pay between £375,000 and £450,000. For anything bigger, prices are likely to be in excess of £500,000, going up to more than £800,000 for the very best properties. "People spending that sort of money are coming purely to be near the schools," says Murphy. "Ealing is as far west as they are willing to go."

Chiswick, with its river frontage, has more cachet. Prices are likely to be around 15 per cent higher than in Ealing. A five-bedroom house in the popular Grove Park area will cost around £575,000 - if you can find one for sale.

Chiswick is developing a stronger flat scene around the shops, with first-time buyers paying between £120,000 and £200,000. Loft developers are also moving in. Winkworth has sold a large three-bedroom apartment with a 40ft kitchen and high ceilings in a converted pub, for £355,000. The warehouse-style apartments at Chiswick Green Studios near Bedford Park, the third phase of which was released last week, are setting some of the highest costs per



square foot in the area. At the other end of the Chiswick spectrum are the grand houses on the river, which so caught Defoe's eye. Knight Frank is selling Cedar House, one of the principal Georgian properties on Chiswick Mall, with bay windows looking up-river to Hammersmith Bridge. The price for the freehold is £1.3m.

In the villages to the south of the Thames, properties tend to be large and prices high. Family houses are hard to find. Hamptons is offering a double-fronted, five-bedroom Victorian house in very good condition on Mortlake Road in Kew for £750,000.

West London's villages have seen few changes in the last 30 years, other than an

increase in traffic congestion and aircraft noise. The exception is Barnes, where big changes are taking place. The village proper retains its historic centre around the village green and pond. But on its eastern boundary, Berkeley House is building two new developments almost large enough to constitute a second "village".

At Barnes Waterside the company is building 320 houses and flats around a communal wetlands area. And this month Berkeley announced it had bought the neighbouring Harrods Depository site, which will be turned into 250 flats and houses called Harrods Village. It will be interesting to see how this "Berkeley village" sits among its blue chip neighbours.

On the Move / Anne Spackman

Buyers put off by tender

Last month Hamptons offered buyers a chance to avoid the pitfalls of the over-heated country house market. Hamptons put Winkwell Grange, a large Regency house on the Kent/East Sussex borders, up for sale by formal tender. This means buyers follow the Scottish system of having the house surveyed and valued prior to making a sealed bid on a specific date.

They tried this method of sale partly because the seller wanted it, but also because of the heavy demand and low supply for such properties.

More than 270 brochures went out to prospective buyers, but instead of having dozens of viewings, there were only three. When Hamptons contacted people to ask why they were not interested, they cited the formal tender.

Hamptons have since put the house up for sale at £850,000 by the normal method and had six viewings in the first week. Colin Mackenzie of Hamptons' country house department, sees the experience of Winkwell Grange as evidence that British buyers may complain about the existing house purchase system, but they are not ready to swap it wholesale for the Scottish system. He believes the English system will have to be improved gradually, through measures such as non-refundable deposits, as suggested by the National Association of Estate Agents.

Coast to coast

Two spectacular coastal properties are on the market at opposite ends of Britain. On the east coast of Scotland, overlooking the North Sea south of Aberdeen, is Mochalls Castle. The 17th century Grade II*, £300,000.

A listed castle comes complete with crenellations and turrets - though these were designed as ornamental rather than defensive features. The highly decorative plaster ceilings in its main rooms are considered to be the finest in Scotland.

The house has a total of four main reception rooms, 10 bedrooms and seven bathrooms, plus a three-bedroom wing and a cottage. The house has five acres of grounds and sits on a hill at the end of a farm road, overlooking the sea. Savills in Brechin (01336-822187) are asking for in excess of £850,000. Inchmarnock House is of a similar size with a similar amount of land and a coastal location. But positioned on the Solent, at the mouth of the Beaulieu River in Hampshire, its price is an altogether different £2m.

The house has a fine history and its eight acres include a 240-metre stretch of private beach, classified as an Area of Special Scientific Interest because of its birdlife. Joint selling agents are Savills and Knight Frank.

Valley for sale

One of the Lake District's unspoilt valleys, complete with 17th century farmhouse and 950 ewes, is being auctioned in Penrith next month. Howstead Brow lies in the valley between High Street and Place Fell on the southern tip of Ullswater. The farm-house is a traditional whitewashed Lakeland cottage with two reception rooms, three bedrooms and numerous outbuildings.

Viewing takes place on Wednesday and Friday or through the agents, Clark Scott-Harden, in Penrith (01931-712392) and the auction is on July 29. Guide price for the whole is £300,000.

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PROPERTY / OUTDOORS



Where it can cost you a fortune to cross the road

Gerald Cadogan looks at the oddities of pricing in Notting Hill and Holland Park

Which side of the street shall we live on? And which end of it? In smart west London there are plenty of streets in which housebuyers have to face exactly these dilemmas - and thousands of pounds can rest on making the right choice.

Neighbouring homes can be a world apart in terms of value in an area that puts a high premium on postcodes, parking spaces and pretensions.

Take Notting Hill, for example. The west sides of Ledbury Road, W11, and Chepstow Place, W2, are in Kensington and Chelsea. Owners qualify for the Royal Borough's unzoned residents' parking, which gives them a right to kerb space as far away as Sloane Square and Cheyne Walk.

But the east side of these streets falls within the City of Westminster, where residents' parking is restricted to the immediate area.

To many buyers this invisible line down the middle of the road means so much that they are happy to pay a premium for the driver-friendly-



Where the 'right' side of the street counts: 70 Ladbroke Road, W11, (left) and 19 Addison Avenue are prime properties for sale



erties east of Holland Road, a main north-south road which has now become the west border of Holland Park, and therefore of the whole of Kensington. In Addison Gardens, the change in values occurs at the traffic lights at the crossing with Holland Road.

The Holland Road frontier continues north along the M41 motorway spur (and the adjacent railway line), to turn east to follow the line of the elevated A40(M).

Apart from a large block of council estates in the angle of the motorways, property to the south and east of this line carries a Holland Park/Kensington cachet and premium.

There used to be a 10 per cent premium payable for living south of Holland Park Avenue in Holland Park

proper, says Young. But like-for-like prices have now evened out on either side of the road and, helped by City firms' bonus payments to staff, have risen between 25 and 30 per cent this year.

To the south, Holland Park merges into Kensington, which in turn blends into Knightsbridge and South Kensington. The slopes of Campden Hill are a safely smart area, "popular with US and German bankers", Young finds, "especially on the Phillimore estate", which is an easy walk from the shops in Kensington High Street.

Notting Hill, and the parts eastwards where it merges into Bayswater and Paddington, is something different. The residential core of Notting Hill, around Ladbroke Grove, is a net of crescents

and streets that reflect the plan of the Hippodrome race-course that opened in 1837 and soon went bust.

These streets offer splendid houses with masses of space, and huge areas of green outside in the communal gardens. Houses now cost around £1.5m, but there is not a large turnover. "It is an area of old families with old money, dogs and station wagons for getting to the country," Young notes.

Novelist Rachel Billington has found moving from Holland Park to Notting Hill (Addison Avenue, W11, to Courtney Road, W2), "like going from the suburbs to the centre of the city".

"We were in a lovely residential road," she says, "but it was no use for shopping or public transport." Now, she is in another world, domi-

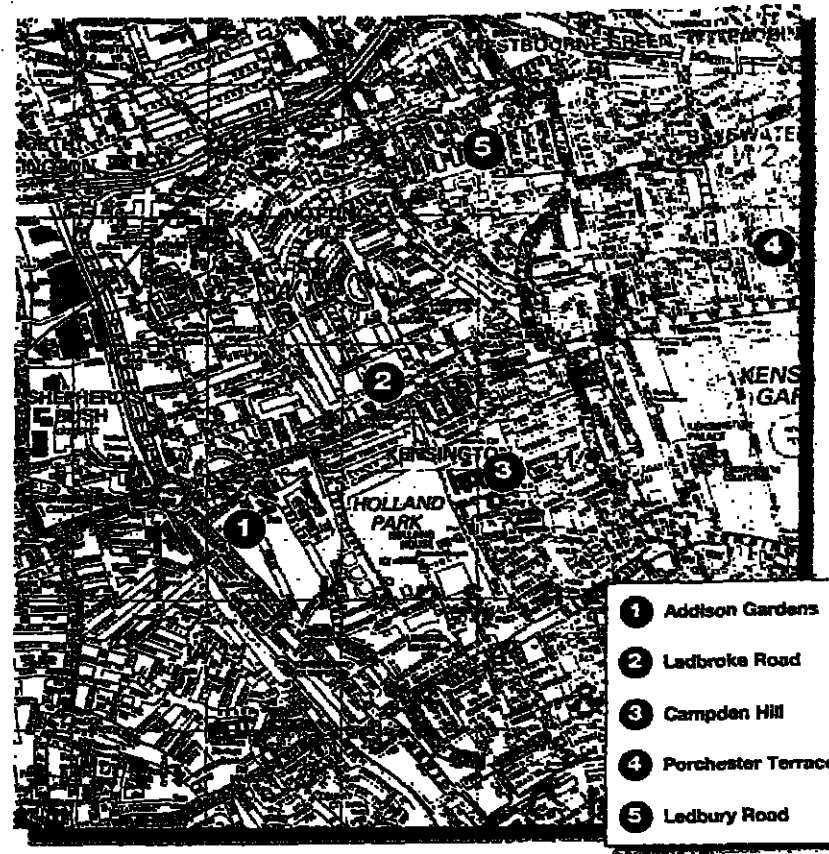
nated by the market in Portobello Road a few minutes away, where she buys her fruit and fish - "and the prices are ridiculously good". There are also specialist shops with beads, jewellery and furniture.

The locals are mixed, with many up-and-coming young, single people and couples who enjoy a lively street life, she says. Ever more cafés seem to be opening, and the Westbourne Grove/Ladbroke Road area has almost more really good boutiques, she finds, than Bond Street.

Westwards, life changes to the family-residential, communal gardens mode at Kensington Park Road. Streets are narrower, but the homes have gardens.

Eastwards, street life starts to change again where Westbourne Grove meets

Smart west London



Source: Nicholson Central London map

Queensway, and Bayswater begins. The treat for Billington in this direction is walking to the multiple cinemas at Whiteley's, while she now has a good choice of Underground and bus routes and no longer faces the "awful walk along Holland Park Avenue to Holland Park Tube station".

Bayswater has some superb houses - in streets such as Porchester Terrace, W2 - but, Young says, they cost 20 per cent less than similar houses on the Phillimore estate in W8. Julia Cook of Cluttons reckons they may be even more than 20 per cent cheaper.

Paddington station is one big reason for lower values in W2. The name at once suggests rooming houses and cheap hotels, as well as *maisons de passé* and anony-

mons visits to the world's oldest professionals before catching the 5.40 train.

Railway stations, Young muses, tend to make surrounding property values drop - King's Cross, for example, and Victoria, where Pimlico is the poor cousin of neighbouring Belgrave. And the former West London Air Terminal, now a Safeway store, had the same effect. "The area was full of cheap hotels, and quite a den of vice, when it was an air terminal," said Young. But they have now become flats and property values have risen.

On the north side of Holland Park Avenue, Jackson-Stops is selling a house in Addison Avenue for £1.5m, and a larger one in Royal Crescent for £1.15m (a price which must include some

discount for being close to the main road). Near Holland Park station, 70 Ladbroke Road, W11, is a large semi-detached villa on offer from John D Wood for £2.85m - no different from the price it would command in W8, says Young.

But there is a strong contrast between Bayswater and Kensington. John D Wood is selling a three-bedroom house in Upbrook Mews, W2, for £380,000, but a similar house in Campden Street, W8, costs £375,000. Likewise, the agent offers a two-bedroom flat in Kensington Heights, Campden Hill Road, W8, for £385,000, as against a three-bedroom flat in Caroline House, Bayswater Road, W2, for £350,000.

■ Jackson-Stops, 0171-371 1433; John D Wood, 0171-727 0705.

Nearly 20 years ago, I asked one of the UK's greatest and most experienced gardeners, Lady Salisbury, which garden in the world she considered to be the most romantic. She surprised me by saying Ninfa. I had never heard of it but she went on to explain how old-fashioned roses grew wild in the remains of medieval churches in this Italian garden's grounds and how a forest of wisteria flowed over a wooden bridge across the most beautiful clear expanse of water.

Ten years later, I visited Ninfa, about 40 miles south of Rome, and wrote an article which attracted more inquiries than anything else I have written. We live in an age when people long to find far-away gardens rather than to look within 15 miles of their own door.

If they are foreign, so much the better. In general, there are few gardens without English influence worth a visit for any serious lover of flowers in France, Italy and Spain, let alone Germany. Ninfa is no exception because of a strong English connection in its background.

Since I last wrote, Ninfa's fame has grown. It is tailor-made for the magazines which are always desperate to find something whose photographs are not too well known. Ninfa has also appealed to tens of thousands of Italian visitors who cannot see anything comparable in the rest of their country.

Ninfa's main openings are on the first and third weekend of each month. This April, the open days attracted nearly 20,000 visitors and 20 trained guides took separate parties around demarcated areas of the garden to avoid over-crowding. The garden's season is at its best in April and May. The days when you could look around in relative peace are gone but it is still worth the scrum of a visit.

Several television teams which have visited the garden have found to their cost that Ninfa has no plant labels and their presenters have no idea what they are looking at. Its history is more accessible because good, short accounts continue to appear in English. The most helpful is *The English Garden Abroad* by Charles Quest-Ritson, which includes a bibliography.

It has been 10 years since the last of the owning family resided at Ninfa but I doubt if much of the charm or style has been lost, not least because of the tactful supervision of Lauro Marchetti, curator of Ninfa, trained for the task by the garden's owners.

Ninfa's history has two phases.



Ninfa's astonishing flow of water makes gardening in the English style possible as nowhere else south of Rome

Also: Ramsey © Corbis Next PL - House and Garden

Gardening

Forest of wisteria and rose

Robin Lane Fox visits the most romantic garden in the world

Oddly, Roman antiquity is not one of them. The distinction of the place is its astonishing flow of water, which makes gardening in the English style possible as nowhere else south of Rome.

In the Middle Ages, Ninfa grew to contain 10 churches, one of which was the scene of the consecration of the Pope in 1158. Now its ruins are the scene of charming climbing roses, a view towards loquats and silver poplars and a carpet of greenery. In 1297, another Pope bought the place for his nephew, one of the Caetani family ever since, now administered by trustees.

Horticulturally, the story of Ninfa starts again from the 1870s, when the then-owner married a remarkable English woman, Ada Bootle-Wilbraham. The family's attachment to gardening lives on in their descendants' management of Broadleigh Gardens, source of so many good bulbs. Ada's main garden was in a dif-

ferent climate, close to Ninfa at Fogliano. There, she planted flowers from Mediterranean and tropical homes and christened the place The Congo.

Ada visited Ninfa, but only for picnics among the ruins. She planted the first climbing roses on the buildings, and went on to cover the garden in roses. In her later life, the property passed to Prince Gasparo Caetani. The view is gaining ground that Ninfa was a woman's creation and owed nothing to an Italian contribution. This is wrong. Prince Gasparo was a remarkable person. He had been trained as an engineer and played a large part in the draining of the Pontine Marshes around Ninfa which had helped to spread the malaria that had made the garden uninhabitable between 1400 and 1900.

He also planted the major trees - magnificent Italian cypress and evergreen holm oak. Like Sissinghurst in Kent, Ninfa has a man's eye as the designer of its

backbone. Like England's Kiftgate, Ninfa has passed down through three generations of talented female planters. Gasparo's heir married an American, Marguerite Chapin, and together they planted the garden with much that we still see, including the expanses of Japanese irises and an entire ditch filled with white arum lilies. Once again, a male eye was decisive in the garden's design. Roffredo Caetani laid the magnificent ground plan of water which now runs through the garden.

Throughout this century, Ninfa has been living proof of another recurrent theme in the history of gardens. People with artistic natures so often make the most enchanting gardens. Roffredo was musical and Chapin was both musical and literary.

From the late 1950s onwards, the garden passed to another family artist, Lella Caetani, an able painter, and her English husband, Hubert Howard, who

was steward of the garden in many important ways.

Admittedly, it was early May and I was seeing Ninfa near its peak with hardly anyone else in the garden. Huge climbing roses showed their sheets of red and white flower on the old buildings; simple Californian poppies ran wild in the rock garden. Yellow flag irises ran into the water and the bushes of pink-flowered *Kolkwitzia* were more than 12ft high.

Tall trees of *Paulownia* were covered with violet-blue foxgloves, as never in a frosty English spring. The planting by the banks and under the shrubs refuted those who believe the free use of herbaceous plants in grass without borders is somehow a discovery of the Germans.

White arum lilies were flowering by the hundred and on the outer walls there was flower on the vigorous *Rosa bracteata*, which probably goes back to the days of Ada, the garden's English founder-mother.

Polemonium pandemonium

Clive Fewins meets the keeper of a special collection of rare plants

Dianne Allison reckons there are more types of polemonium packed into the garden of her small house on a council estate in a village near Consett, Co Durham, than anywhere else in the world.

Her collection - she has all 68 known varieties - is so large that it overfills her 36ft by 19ft patch into six neighbouring gardens. As a safety measure friends in other parts of the estate keep duplicate specimens of some of the rarer varieties.

Apart from being keeper of the national collection of polemoni-ums, an honour she has held since 1992, Allison, 38, is having a busy year. A divorced mother of two, she will be showing at next month's Hampton Court Flower Show for the first time, but before that she takes her finals in plant biology at the University of Newcastle.

Polemoni-ums - more familiarly known as Jacob's Ladder - have been an obsession of hers for 16 years and she hopes to bring them to a wider audience at Hampton Court. "Polemoni-ums have been curiously neglected. They were very popular in Victorian gardens and also in the 1950s and early 1960s, when the late Margery Fish and other specialists in cottage gardens praised their qualities," she says.

"They are hardy and disease-free. The longest flowering varieties start in April and continue until November. Some varieties are scented and many remain evergreen in winter. They are easy to propagate."

Jacob's Ladder refers only to the British species - *Polemonium caeruleum*. About 2ft tall and prolific in the right conditions, its flowers vary from china blue to deepest sky blue. It is native to the Pennines.

Other common names are Charity, Blue Jacket, Greek Valerian and Ladder to Heaven. The defining characteristic of all 29 known species is the leaf, divided into paired leaflets, they form a ladder-like effect on either side of the stem.

Another old name for the plant is Abscess Root, which refers to

the medicinal qualities for which the plant was renowned. A former nurse, Allison first became interested in polemoni-ums because of these qualities. "It was reputed to have been used as an expectorant and for skin diseases, fevers and disorders of the throat, and for purging the blood," she says. "I find it good for bites and stings."

"Very few varieties are on sale in the majority of garden centres," she says, but they are slowly returning to popularity thanks to small nurseries in several parts of the UK that she has encouraged to propagate them.

In 1994, she was asked to cultivate a specimen of the rare variegated polemonium *Brise d'Anjou*, with its five pale blue petals and leaves with creamy-yellow edges. It had been rediscovered by chance in a garden in France and micropropagated by Blooms of Bressingham, Norfolk. Allison believes this variegated form is the same variety as the one that used to flourish in the UK.

She has also introduced three varieties herself: *Polemonium Northern Lights*, a hybrid of *Polemonium caeruleum* and *polemonium boreale*, a variety originating from Alaska; *Polemonium Virginia White*, and *Cottage Cream*, a sterile hybrid she cultivated from polemonium *foliosissimum*, a variety popular in the 1980s and 1970s.

Other species come from as far afield as China and Japan, the mountains of Mexico, and the Himalayas. They are found in peat bogs, damp meadows, alpine crags and screes.

"None has been identified south of the Equator," says Allison. "Polemoni-ums like very windy, mountainous, cold, wet conditions, usually on north-facing slopes. I live in an ideal place to grow them, though we are on heavy clay here. So I use mulch as a mulch to stop the soil drying out and as an organic feed."

■ Dianne Allison, National Collection of Polemoni-ums, 10 The Chesters, Ebchester, Co Durham DH5 0PR; 01207-561923. Her book, *The Polemonium*, is available from this address for £2, including p&p.

سكولان

Is London becoming too Conranised?

Some 35,000 to 40,000 customers a week eat at Sir Terence Conran's restaurants. And the empire is growing. Nicholas Lander reports

A sunny Monday morning in Chelsea, south-west London. Two Americans express surprise and pleasure at the gleaming blue and white frontage of the Bluebird Café. They are served by an English waitress who brings a tray of six different jams for their croissants and an Australian waiter who, intriguingly, refers to wobbly tables as "a fetish of mine".

Behind the café a group of 20 young men and women descend from the restaurant and make their way into the food store, each carrying a Bluebird induction manual that must be 150 pages thick. They are this week's hopefuls, some of whom will make the grade as next week's waiting staff.

The £10m transformation of the Bluebird Garage, King's Road, is the latest offering from Conran Restaurants which includes Quaglin's, Mezzo, Bluebird, Le Pont de la Tour, Butlers Wharf Chop House, Cantina del Ponte and Blue Print Café. By the end of its 1997 financial year, it will boast sales of £20m and employ 1,400 staff, 400 of whom are chefs. It serves 35,000-40,000 customers a week and sells 6,000 cases of champagne a year.

By comparison, Groupe Chez Gérard, the publicly quoted restaurant company, employs 650 to serve 20,000 a week generating annual sales of £25m.

Ten years ago, Conran Restaurants did not exist. Then Sir Terence Conran, Paul Hamlyn and chef Simon Hopkinson opened Bibendum in South Kensington, which harnessed the drive of a young New Zealander, Joel Kissin, as general manager.

He worked initially from the front room of his flat in Shepherd's Bush. Sir Terence decided to pursue his passion for restaurants and the group is now a triumvirate of Conran, Kissin and Des Guenardena, who supplies the financial strength and acumen via Conran Holdings - although, as Kissin added, "it is not always in that order".

Objective assessments of Conran Restaurants are rare. Sir Terence himself exudes confidence and his restaurants provide suitable opportunities for winning over writers and supplying enticing photo opportunities. Such has been his power that Tony Blair, the UK prime minister, chose to dine at Bill Clinton, US president, at Le Pont de la Tour, which overlooks Tower Bridge. And as one London restaurateur, enviously explained: "A meal at Quaglin's is now like a visit to see the Changing of the Guard, part of any tourist's visit to London."

Many British restaurateurs and head chefs are wary of his company's size, almost a contradiction in terms to their ideal of a small, personally-run restaurant, and are angry at the way Conran Restaurants has raised pay rates for chefs and managers to attract so



many of this rare breed for every new opening while they struggle to fill their kitchen rotas. And the company has, as Kissin admits, frequently been the subject of the "tall poppy syndrome" when each new opening has been followed by a stinging attack, often personal. (These, Kissin admits, upset him but apparently leave Sir Terence unperturbed.)

Nor does a selfless survey leave a uniform opinion of the restaurants. A meal at Quaglin's began well, with salt cod fritters and a dipping oil, but the two subsequent courses disappointed.

I am continually interested by the food at Mezzonine, the fusion cooking on Mezzo's ground floor, but less so by the food and rather cramped feel of the subterranean restaurant. The combination of river location and proximity to the Tower of London and the City have always given the four restaurants on Butlers Wharf a distinctive atmosphere, but none excited me quite as

much as my first two trips to the Bluebird. As a fastidious hotelier reported after his dinner: "Bloody sickening. Good food, well-oiled service and they have only been open two weeks!"

The building itself, a Grade II listed building that dates back to 1923, is obviously an attraction but its conversion and immediate success confirm that Conran Restaurants has found a way of analysing what we want to eat and drink and, crucially, how we want to be seen enjoying these pastimes in the late 1990s.

Its most significant, and perhaps in the long term most profitable, contribution has been in modern restaurant design, not so much in its particular aspects but in its overall appeal. The talents of the Conran Design Partnership have been harnessed in such a way that the newest converts to eating out - those between 20 and 35 with a high disposable income and an almost complete indifference to

decibel levels - have been attracted into restaurants in huge numbers for the first time ever.

The restaurants have also benefited from good locations in central London. The Butlers Wharf restaurants have established a large cus-

tom base not just in the City but also from among those living east in Essex and north Kent.

Quaglin's woke up sedate St James's, spawned competitors and at the end of its fourth year posted sales of £10m and profits of £2m. Although Mezzo is not that

far away, in Soho, its has been positioned very differently, attracting more of a media crowd.

Bluebird may, however, prove the most lucrative, as it is situated within one of London's most affluent residential areas. One senior

restaurant crucially hides a less publicised, slightly less reputable but, in fact, equally significant contribution to growth and profits - the bars. Their design and style have attracted crowds from the less comfortable pubs nearby and again location has been critical. The City boasts some very good drinkers but nothing compares with the numbers that flock into Mezzo's bar on Thursday, Friday and Saturday evenings.

Conran Restaurants' headquarters comprises 35 staff, with Kissin's office strategically located between a large open plan area and the Butlers Wharf restaurants. It is immaculate, its modern look only interrupted by a classical statuette awarded to him and Conran as Restaurateurs of the Year in 1994, an award which, Kissin confesses, gave him great pleasure.

"What has proved crucial," Kissin explained, "is that because relatively few of us come from a hotel or restaurant background nobody has

Conran restaurants in the capital

- Blue Print Café, 101-103, 101-103, 101-103
- Butlers Wharf Chop House, 101-103, 101-103
- Cantina del Ponte, 101-103, 101-103
- Le Pont de la Tour, 101-103, 101-103
- All the above are at Butlers Wharf, Strand, London WC2R 2LF, near Tower Bridge
- Mezzo, 100, Wardour Street, London W1V 4LZ, 0171-314 4000
- Quaglin's, 16, Bury Street, SW1V 5AB, 0171-314 4000
- Bluebird, 30, King's Road, SW3 5JH, 0171-350 1920

member of staff there expressed surprise at the customers' obvious readiness to spend. By the end of its first week the Bluebird Dining Club had attracted 380 members paying a joining fee of £250 plus a £300 annual subscription.

The emphasis on restaur-

ant base not just in the City but also from among those living east in Essex and north Kent.

Cookery / Philippa Davenport

Flavoured vegetables? Yuck

The launch of Whacky Veg by Iceland, the frozen food company, made my heart sink. I have not sampled any of the range (chocolate-flavoured carrots, baked bean-flavoured peas, pizza-flavoured sweetcorn, and cheese and onion-flavoured cauliflower, all costing 99p per 450g frozen pack) but I doubt that eating them would win over either my opinion or my appetite.

The intentions behind the range may be laudable. The Cancer Research Campaign has been stressing for some time the importance of vegetables as preventative medicine in fighting the

good fight for good health. And research by the National Heart Forum has disclosed disquieting statistics concerning just how many crisps, chocolate bars, biscuits and soft drinks the average child in Britain eats - and how pathetically little fresh fruit and veg. On only one day of the year, Christmas day, do most children apparently eat the recommended five

portions of fruit and/or vegetables.

What I question is not Iceland's intentions but the non-vegetable message they are delivering. It is surely misguided to feed children with false information and pretend vegetables are something they are not.

Chocolate-flavoured carrots strike me as more likely to confirm a child's penchant for - and dependence on - chocolate than to encourage an appreciation of vegetables. If we are to change the eating habits of the young, to help them develop more discerning taste buds, we need to adopt more honest ways to make vegetables more attractive - to educate

them about choice, to cook with greater care and present the finished dishes with a smile, not a threat. I talked to three writers committed to the importance of fresh fruits, vegetables, cereals and nuts in a healthy diet. They all pointed out that a child's reluctance to eat vegetables usually stems from poor cooking, or lack of the right parental encouragement from an early age, or both. Many parents today lack basic cooking skills.

The parents of small children I canvassed - educated middle-class women whose offspring are presumably not prime targets for Whacky Veg sales - all denied any resistance in their children to eating peas, sweetcorn or carrots. The texture of sweetcorn grains did not rate highly with some, but the cheerful colours of all three vegetables, the diminutive size of the pieces and their naturally sweet tastes generally met with approval.

Brassicas can be more of a problem because of their sulphurous component. Texture matters and variety is important - in the sorts of vegetables eaten and in ways of cooking. Purées are popular and can, for

example, take the form of vegetable puree soups, soufflés and croquettes as well as mash, but the shapes of, say, batons, slices, diced, grated or "spaghetti-ed" carrot also appeal and help to ring the changes.

Leafy vegetables often go



down best when used as a stuffing for pastries, samosas, dumplings or borscht-like triangles of crisply baked filo pastry. Small stuffed vegetables are similarly popular: miniature paté pan squash or baby tomatoes can be stuffed with other vegetables (in salad form or cooked) or with minced meat, fish, rice or a mixture of cheese, breadcrumbs, herbs and beaten egg, to bake and serve hot or cold, alone or sauced.

The fashionable trick of roasting vegetables or grilling them on skewers is a good one: mushrooms, small tomatoes, chunks of asparagus, courgette, butternut squash, parsnips and other roots all make colourful candidates.

Most children respond well to the invitation to help with food shopping or cooking, and to do so encourages the development of personal pride and interest in producing a good meal. Exploring and sharing, nurturing a sense of adventure about food in a child makes the experience of cooking day in day out more rewarding for the parent, too. Shall we try something new? Let's shell peas together, try a few raw and compare the tastes of raw and cooked, or pull the petals-like leaves from a globe artichoke and scrape the flesh with our teeth.

While Whacky Veg are disturbing, heartening news comes from Safeway, another UK supermarket chain. Its campaign to make children more fruit and vegetable-minded began with the idea of packing a row of cherry tomatoes in a bright red cardboard tube decorated with smiling

cherry tomato people. They sold like hot cakes and the range has been extended to include other fruit and vegetables specifically chosen to appeal to small children - plain and unadorned fresh produce in miniature sizes to suit small hands: easy-peel soft citrus fruits, seedless grapes, kiwi fruit (plus plastic spoon for cracking into the fruit like a boiled egg), baby bananas, finger carrots, little apples, sun pears and mini-cucumbers, all ready washed and wrapped in eye-catching boxes.

Sales have been 400 per cent better than anticipated. Strawberries are next on the menu and I would not be surprised to see other healthy option lunchbox offerings follow - doll's tea-party size sandwiches: mini tube of potato and other salads; cocktail stick skewers threaded with, say, chicken, prawns or cheese, plus cucumber cubes and cherry tomatoes; dips with crudites; yoghurt pots with segments of fresh fruit for dipping.

I am speculating here but, nutritionally, it sounds like a step in the right direction. ■ Janette Marshall's ABC of Healthy Eating for Babies & Toddlers (Hodder & Stoughton) and Heating Foods by Miriam Polumon (Dorling Kindersley) are to be published shortly. Jeannette Ekin's The Plants We Need to Eat is published by Thorsons.

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has attracted the requisite calibre of executive chefs such as John Torode and Michael Moore. The ergonomics of large restaurants have been carefully analysed, too.

Crustacea bars are common because, Kissin explained, "we eat with our eyes" and because they take the pressure of serving the crucial first course away from the kitchen. Continual growth has offered the right staff opportunities for promotion. Australian Wendy Henricks began as a waitress at Quaglin's, helped to open Mezzo and is now the restaurant manager at Bluebird.

The food in Conran Restaurants is often criticised by other chefs as soulless or impersonal, its kitchens referred to as production lines because of the numbers served. Kissin rejects this. "Our aim is not to serve food that has been 'fiddled with' - any Michelin-starred restaurant will give you this at a price. But today it is very difficult to make money in a restaurant with less than 50 covers. You either have to charge a great deal or employ your family."

As it continues to expand - four more restaurants are planned within London in the next 12 months - Conran Restaurants has become a highly centralised organisation with a strict staff policy. Headquarters dictates whether executive chefs can speak to journalists; moustaches and beards are forbidden and a fortnight ago a waitress lost her case for unfair dismissal at an industrial tribunal because of her hairstyle.

More worrying, perhaps, is a lingering impression that if all decisions must come from the centre the growing number of restaurants will not operate as autonomously as they should and will not be able to react as quickly or as sensitively to their different customers' demands.

Conran has, to his credit, grown the London restaurant market significantly. And, as three-star Michelin chef Alain Ducasse said in London last week: "Two developments have made London *une grande ville* for me as a visiting chef and passionate restaurant goer. The first is the emergence of talented British chefs such as Marco Pierre White and Gordon Ramsay. The second is what Conran's restaurants have achieved."

AN INVITATION
TO THE ORIENTAL
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THE BORDEAUX
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nutritionally, it sounds like
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■ Janette Marshall's ABC of
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to Eat is published by
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SPORT

Sporting Profile

The man who could be buying the beer

John Barrett thinks a relaxed and repaired Rafter might win Wimbledon

It was Tony Roche's idea. "Let's play one more game for a beer," he suggests. For a group of Australians playing tennis, it is the most natural thought in the world. Owen Davidson ambles back to the baseline, pulling the cap down over his silver hair. "You're not going to play right court surely, are you Fitz?" calls Patrick Rafter across the net, while grinning at his partner and new coach, John Fitzgerald.

"What did you call me?" snaps Davidson with mock anger. "Sorry mate," replies the 24-year-old Queenslander. "I forgot I should be showing you old guys some respect."

A relaxing set with some of Australia's great past champions is exactly what Rafter needs on this singles semi-finals day at the Stella Artois tournament at Queen's Club, London. Rafter, narrowly beaten on the previous day by the British lefty, Greg Rusedski, has just finished warming up Mark Philippoussis, his doubles partner who, that afternoon, will be playing Jonas Bjorkman of Sweden.

But before that he was in Paris, concluding an unexpectedly successful campaign on European clay, the last surface on which you would expect an out-and-out serve-volleyer to succeed. On the eve of the French Open, Rafter had reached the final in St Poelten, a small tournament in Austria where the clay-courtiers go to prepare for Paris. His confidence had been boosted at exactly the right moment. Taking advantage of the smaller, faster balls in use for the second year at the French Open, Rafter fought his way through to the semi-finals - his best performance yet at a Grand Slam championship. He could hardly believe it himself. "Never have I thought of reaching this far at the French Open," he said. "It's amazing!"

The laid-back Aussie was on a

roll. But could he maintain it? "You get to the point where you expect to win every time you go out," he said. "Winning is a habit... and so is losing," he added with a wry grin.

The winning habit was temporarily broken by former champion Sergi Bruguera - but only just. If Rafter had converted his 5-3 lead in the third to go ahead two sets to one he might have joined Ken Rosewall and Rod Laver as the only Australians to have reached the French final since the start of open tennis in 1968.

But he was not despondent. "It was a great two weeks," he said. "Sure, there's a bit of disappointment. I would have loved to have won. I had my chances... it was a good match but he was just too good."

Roche was in Rafter's corner in Paris, just as he had been in Sydney last February when, in the absence of Philippoussis, Rafter had led Australia's Davis Cup challenge against France, the holders. John Newcombe was in the captain's chair that day and tried to lift Rafter as he went two sets down against Cedric Pioline.

The crowd at Sydney's White City Club then got behind Rafter as he clawed his way back to score a dramatic 3-6 6-7 6-4 7-5 6-4 victory that gave Australia just the start they had hoped for. "They say you have your best and worst moments in Davis Cup and I'm just glad I had one of the best moments of my life," said Rafter. "That was one of the most satisfying performances I've ever had - it feels great."

When Rafter and Newcombe appeared on the third day, with evidence of their over-zealous celebrations clear to see, the officials huffed and puffed. The public loved them for reacting as all true Australians do in moments of victory but even so, Rafter felt it incumbent upon him to make a public apology.

For a man whose career has twice been threatened with

extinction through injury, this Davis Cup success was a sweet moment, one to balance the despair of enforced idleness. The worst moment had come on October 30 1995, the day he went under the surgeon's knife to repair the torn cartilage in his right wrist. "I'd played in pain for a year before the operation. I was just getting by in my matches," he remembers.

Inevitably, his ranking suffered. Twelve months after finishing the year at a career-high 21 he had plunged to 68. The Australian media were ruthless. Having been hailed as the next Pat Cash, he was now dubbed a failure.

The clear brown eyes gaze reflectively towards the middle distance. "It's only when you can't play that you realise how much you love to play and start to appreciate what you are missing. It's all part of maturing as a person," he said.

As the third youngest of Jim

and Jocelyn Rafter's nine children, Patrick had a head start in the maturing stakes. His three older brothers didn't let him get away with anything but were there to offer help when needed. Geoff was the best tennis player in the family until Patrick passed him, and now acts as his occasional coach and travelling companion.

Patrick spent the first eight years of his life in Mount Isa, a country town of 30,000 souls deep in the north Queensland outback and 500 miles from Townsville on the Barrier Reef coast. "It was very dry and very hot... in the middle of the desert really," he remembers. "I started to play there when I was about five. Ian Ayre used to come out to give clinics for the kids. But I played a lot of different sports at school, like soccer and athletics."

"Everyone in Mount Isa seemed to be keen on their sport. Not much else to do, I suppose. When I was eight the family

moved to Eumundi on the Sunshine Coast. I used to get tennis coaching from Gavin Yarrow in Nambour and then from Gary Stickler in Brisbane. I learned a lot from him."

There were other lessons still to learn. The comeback in 1996 had sputtered to a halt after just two tournaments. Along with more pain in the wrist, there were problems with an ankle. Returning at the Hong Kong tournament in April after a 12-week gap, Rafter struggled to find his confidence.

Not until he got back on grass at Queen's were there signs of a true return to form. A run to the fourth round and another to the fourth round at Wimbledon held out the promise of a reasonable end to the year. Then disaster.

At the US Open in September a pain in the right elbow announced the fact that he had tried to play too much too soon. A severe case of tennis elbow

ended Rafter's year on a dismal note.

"I wasn't taking any anti-inflammatories then. Now I live on them," he said. "It's the only way I get by. I'm playing well now and I just want to go on like this for as long as I can."

Going into Wimbledon as the No 12 seed, Rafter has a better than average draw. A first round match against South Africa's Grant Stafford should be within his compass. What lies beyond does not concern him. "I never like to look beyond the next opponent," he says.

In fact, Michael Chang (5) is cast as his opponent in the fourth round - if the American can improve on past form at Wimbledon, where he has never lived up to his world ranking. Beyond Chang would lie Yevgeny Kafelnikov (3), then Pete Sampras (1) or Boris Becker (8) - if the seedings work (unlikely on recent evidence). Whatever the outcome, Patrick

Rafter knows he has done all that a man can do. He is super fit and has practised hard on the Wimbledon courts. "I'm playing as well as I've ever done, and I've got great support. The old guys are marvellous - aren't you Fitz?" he grins.

"What's your nickname, Patrick?" asks Fitzgerald. "You do have one? I mean whoever heard of an Aussie tennis player without a nickname?"

"I do actually but I'm not telling you what it is," replies Rafter.

"OK Skunk," calls Fitzgerald. "If you don't want to tell us that's fine."

"Who told you?" screams Rafter clutching the strand of white hair that stands out among the brown and that has always fascinated his many female admirers.

In this relaxed mood Rafter is capable of winning this year's title. If he does, he knows he will be buying the beer.



Rugby

Still moody after all these years

South African rugby's gloomy self-doubt will cheer up the British Lions, says John Perlman

Even after a month in South Africa, British Lions coach Ian McGeechan must surely still be somewhat surprised to find the country's rugby fraternity in much the same state as when he left them 23 years ago - staring moodily at their navels.

The mood isn't quite as dark as it was when the 1974 Lions, with McGeechan a key man at centre, toured South Africa undefeated and clobbered the Springboks in the Tests. But some of the gloomy self-doubt, humourlessness and the tendency towards melodrama will be familiar and encouraging to a coach whose team left London in May as underdogs.

"We are standing at the funeral of South African rugby and nobody's crying," said Northern Transvaal coach John Williams. Not everyone has been so maudlin, but plenty of people are nervous. "Lions add to gloom over Boks" was the headline in the country's largest Sunday newspaper last weekend, after the Lions thrashed Natal.

But the cloud of apprehension that will hang over

Newlands for today's first Test hasn't just been generated by the Lions' increasingly authoritative form. The slow chipping away at the self-belief of the 1995 World Cup winners has been going on for more than a year now.

On the field, there was a home series defeat by the All Blacks last year and a comprehensive thrashing this season of South African provincial teams by Kiwi and Aussie opposition in the Super 12 tournament.

Out in the stands and in society beyond, a string of crass blunders - including the clumsy axing of skipper Francois Pienaar and the exposure of former coach Andre Markgraaf as a racist - has squandered virtually all the goodwill generated during the 1995 World Cup triumph.

Nelson Mandela, who presented Pienaar with the trophy, hasn't attended a Test match in more than a year. The Springbok players, according to team management, "have been working hard on their singing" - code for determinedly learning the words to the Zulu and Sotho sections of South Africa's multilingual national anthem.

They probably won't get a chance to show what they've learned. The Lions' management insist, rather arrogantly, that because their Welsh, Irish, English and Scots players haven't figured out a compromise tune of their own, there will be no anthems sung at all.

But even if the Springboks had managed to make this gesture in the direction of national unity, most black sports fans would not have

been watching. A thrilling 3-0 win over regional rivals Zambis two weeks ago has put the national football team back on course for next year's World Cup finals.

Soccer's standing as the

'We are at the funeral of South African rugby and nobody's crying'

country's national sport faces no imminent threat.

It might have helped a little if at least one of the 27-man squad picked for the Springboks' warm-up Test last week against Tonga had been black. Clifflie Booysen,

youth rugby manager at the South African Rugby Football Union (Sarf), makes it plain just how important role models are: "When we have our coaching clinics, we often find that every single player wants to play wing, regardless of size, shape or speed."

The inspiration to fly down the wing came from Chester Williams, the last (and only the third) black player to wear the Springbok jersey. Williams has been dogged with knee trouble but his successors, some feel, are being obstructed in other ways.

In a rare moment of candour, Sarf's chief executive Niel Oberholzer said: "The national selectors' job is made very difficult by provincial unions not playing talented black and coloured players at provincial level. It

is becoming very clear to us that there are highly talented black and coloured players who are not being given a fair show at provincial level."

If what Oberholzer says is true - and he ought to know - then Sarf's repeated denial that the game is in need of thoroughgoing change rings a little hollow. The government certainly isn't buying it. The ministry of sport has put out a draft bill which would compel sports organisations to submit financial statements in respect of sponsorship contracts to the government for scrutiny.

"We are going to look into sponsorship and try to find out how much money goes into sport and how it is used," says director-general of sport Mthobeli Tyamzashe. The bill also stipulates that

sports bodies which use their non-profit status to accumulate funds will face two choices: to plough their profits back into sport or pay tax, a portion of which will be allocated to sport.

The bill, at present being circulated for comment, will probably get watered down. But its interventionist thrust indicates that patience has run out with a number of sports, and with rugby in particular.

"After all the persuasion, the moment has arrived to intervene decisively to say sport for all should become a reality and become accessible to all by way of right and not by privilege," says sports minister Steve Tshwete.

Rugby has been repeatedly criticised for not investing enough in township development. Tshwete, a passionate

lover of the game, clearly believes that is because of the way the game's immense wealth is controlled. In Johannesburg, for instance, the power base of Sarf president Louis Luyt, 80 per cent of rugby's assets including the magnificent Ellis Park stadium, has been transferred to a special trust.

The way the trustees are appointed is simple - Luyt picks them all. None of them is black. This arrangement is not unique. And it's no accident that a government task team set up in February to probe rugby was broadened from sports administrators to include Mervyn King, an ex-judge who recently headed a government commission on corporate governance, and Michael Katz, a corporate lawyer heading an investigation into the country's tax system.

A battle looms but no shots will be fired while the Lions are in town. The minister knows there wouldn't be much point. One section of society has its eyes anxiously on the bounce of the ball. The other, sadly, couldn't really care.

Any British Lions Test is an important sporting occasion. But something went out of the three-match series against South Africa, starting this afternoon in Cape Town, when Lions scrum-half Robert Howley left the field last week in Durban nursing a dislocated shoulder.

Complexity is at once the great virtue and vice of rugby union. The overall picture of any match comprises an immense variety of sub-plots. Howley's misfortune, putting him out of the rest of the tour, eliminates one of the most compelling - direct confrontation between the world's best scrum-halves, Howley and the South African Joost van der Westhuizen.

They have met before, when Wales played South Africa last December. Van

der Westhuizen came out well on top that day, scoring a hat-trick in the Springboks' 37-15. But, as the South African himself has admitted, it was hardly a level-terms contest, with the Springbok pack so dominant that he had a much easier ride than Howley.

The three-Test series should have seen Howley operating with more competitive forwards, as well as offering the twists and turns a series can offer - a possibility epitomised by the last time the world's top number nines met in a Lions series. That was eight years ago as the Lions, heavily defeated in the first Test by Australia, came from behind as Robert Jones became one of

the few scrum-halves ever to give serious trouble to Wallaby icon Nick Farr-Jones.

Other successful Lions sides have also had outstanding scrum-halves - the incomparable Gareth Edwards was a decisive influence in New Zealand in 1971 and South Africa in 1974, while Dickie Jeeps broke through dramatically at top level to inspire the brilliant team that split the series with South Africa back in 1955. The 1997 Lions must hope that one of the trio of young Englishmen - Matt Dawson, Austin Healey and Kyran Bracken - now contending for selection can make a similar impact.

They will still have to reckon with the intimidat-

ing opposition of van der Westhuizen. Scrum-half is one of the most complex and demanding positions in the game, the key link between forwards and backs with possibly more, faster tactical decisions to make than any other player. Given split seconds, they have consistently to make the right decision whether to kick, pass or run - and tackle.

Van der Westhuizen, 27, is useful in all phases but it is as a runner that he has made the greatest impact on rugby imaginations. South Africa's back division has resembled England in recent years - packed with big, strong straight runners who tackle hard and are difficult to halt in flight, but lack a

little of that capacity for surprise essential at the very highest level.

There have been two exceptions to this. First, full-back Andre Joubert, who combines a relaxed elegance that allows him to make the game look easier than almost anyone else now playing, with a physical commitment that saw him through the World Cup semi-final and final with a seriously injured hand. And van der Westhuizen, who complements a centre-like 8ft, just-under-14-stone physique with an ability to accelerate and swerve like an electric eel.

Today's will be his first meeting with the 1997 Lions - he was at a Springbok

training camp when Northern Transvaal beat the Lions 26-30 in Pretoria a fortnight ago. A trademark try in last week's test against Tonga dispelled any suggestion that he might lose form amid Northern Transvaal's moderate efforts in the Super 12 competition for the top southern hemisphere provincial teams, where they failed to make the playoffs. A searing blindside break, followed by a precisely judged chip past the last defender and unmatchable acceleration to touch down in the corner. Any watching Englishmen will have been reminded of an even more spectacular score at Twickenham in late 1995. Tradition holds that the



Intimidating: Joost van der Westhuizen

First Test provides the best chance for any Lions team. Reality is that both the 1989 team in Australia and the 1993 party to New Zealand lost the First Test, only to bounce back in the second. Victories over Gauteng and

Natal have restored confidence after the setback in Pretoria, and it is possible that South Africa may be a little shaky after an enforced change of coach and an early season spent being pushed around by New Zealand provinces.

Anyone wanting to beat them has to hold a tough and combative pack, contain the brilliance of Joubert and van der Westhuizen and then find something of their own to catch out the defence the resilience of which won the 1995 World Cup.

With Howley there to

start the backs flowing and

keep the Springbok back row

endlessly worried by the

possibility that he might

break himself, it would have

been an immense task. Without him, it may just be

too much to ask.

Huw Richards

INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

AUCTION
Christies Amsterdam
Tel: 31-20-6756255
● Van Brussel Kool tot Delfse Drift: highlights include pieces of 17th, 18th and 19th century porcelain; Jun 25

CONCERT
Concertgebouw Tel: 31-20-6718345
● Koninklijk Concertgebouworkest with conductor Michael Gielen in works by Ives, Kagel and Stravinsky; Jun 28

EXHIBITION
Nederlandsche Scheepvaartmuseum
Tel: 31-20-5232311
● Maritime Masters, 1600-1800: exhibition featuring 100 drawings providing a varied image of shipping at the time of the Dutch Republic. The works reflect shipping's status as the principal pillar on which the country's economic and political power rested; to Jun 30

BALTIMORE

EXHIBITION
Walters Art Gallery
Tel: 1-410-547-9000
● Images in Ivory: Precious Objects of the Gothic Age: exhibition featuring approximately 100 surviving examples of ivory carving, offering a rare view of private life during the Gothic period (13th- through 15th-century Europe). The display includes mirrors, combs, and boxes decorated with themes from romance literature, as well as a number of statuettes and relief carvings with Biblical themes; from Jun 22 to Aug 31

BARCELONA

EXHIBITION
Museu Picasso Tel: 34-3-3196310
● André Derain 1904-1912: display of 80 works by the French artist, concentrating on the years 1904-12, when Derain established a lasting friendship with Picasso, the two artists becoming major influences on each other's work; to Jun 29

POP
Palau Sant Jordi Tel: 34-3-4262089
● Supertramp: performance by the British rock group; Jun 28

BERLIN

CONCERT
Konzerthaus Berlin Tel: 49-30-203090
● Russische Chöre und Orchester: with conductor Karol Borsuk in works by Prokofiev, Rimski-Korsakov; Jun 28

EXHIBITION
Bauhaus-Archiv/Museum für Gestaltung Tel: 49-30-25400278
● Houses & workplaces: exhibition examining the Breslau Projekt of 1927, when the Bauhaus was commissioned to produce architectural plans for the German city of Breslau (now Wrocław). On view are models, drawings and plans for a total of 28 buildings and 105 houses; to Aug 31

OPERA
Deutsche Oper Berlin
Tel: 49-30-3438401
● La Bohème: by Puccini. Conducted by Rafael Frühbeck de Burgos. Soloists include Fernando de la Mora, Ralf Lukas, Peter Edelmann and Friedrich Molsberger; Jun 25, 27

BIRMINGHAM

CONCERT
Symphony Hall Tel: 44-121-2002000
● Alfred Brendel: the pianist performs works by Schubert; Jun 27
● Dione Warwick: performance by the singer, accompanied by the BBC Concert Orchestra. The programme includes works by Bacharach and David; Jun 23

BONN

CONCERT
Oper der Stadt Bonn
Tel: 49-228-7281
● Messe: by Bach. Conducted by Thomas Hengelbrock, performed by the Balthasar Neumann Chor and the Freiburger Barockorchester; Jun 28, 29

BRUSSELS

CONCERT
Palais des Beaux-Arts
Tel: 32-2-5078200
● Orchestre Philharmonique de Liège: with conductor Pierre Bartholomée and violinists Kristóf Baráti, Albrecht Breuninger and Alexander Znaider, in works by Prokofiev, Brahms and Bruch; Jun 23
● Romeo et Juliette: by Berlioz. Conducted by Antonio Pappano, performed by the Orchestre Symphonique et Choeur de la Monnaie. Soloists include Ann Murray, Laurence Dale and Ildarbrandt d'Arcangelo; Jun 22, 25

EXHIBITION
Jubelparkmuseum Tel: 322741 72 11
● Art Nouveau: exhibition featuring furniture and sculptures by a number of exponents of Art Nouveau, including Gustave Serrurier-Bovy, Paul Hankar, A.J. Strymans and Georges Habé; to Sep 14

CANBERRA

EXHIBITION
National Gallery of Australia
Tel: 61-6-240 6411
● Jasper Johns: Prints 1968-1980: display of print work by the American pop artist famous for paintings and sculptures that provided twists on representations of everyday objects including flags, signs and beer cans. Johns' print work uses a range of techniques, from the latest technology



Janet McTeer and Owen Teale in Ibsen's 1879 play 'A Doll's House', now playing at the Belasco Theater, New York, in a production directed by Anthony Page

to traditional methods; to Jul 13

CLEVELAND

EXHIBITION
Cleveland Museum of Art
Tel: 1-216-421 7340
● Glass Today: Recent American Studio Glass from Cleveland Collections. Exhibition providing an overview of trends in the field of glass making during the last 35 years, tracing technological developments that began in the early 1980s allowing artists to work in the medium cheaply and using less manpower; from Jun 22 to Sep 14

COLOGNE

CONCERT
Kölner Philharmonie
Tel: 49-221-2040820
● Marjana Lipovsek: performance by the mezzo-soprano, accompanied by the pianist Anthony Spir. The programme features works by Schubert; Jun 27

COPENHAGEN

EXHIBITION
Nationalmuseet - The National Museum Tel: 45-33 13 44 11
● Nimrud and Nineveh Treasures from Assyria in the British Museum: display of Assyrian sculpture selected from the collection of the British Museum, including wall panels from palaces from the cities of ancient Mesopotamia, large decorated bronze bowls and a number of religious documents; to Sep 7

DRESDEN

EXHIBITION
Staatliche Kunstsammlungen Dresden - Porzellansammlung - Zwinger Tel: 49-351-4914619
● Frühes Meissener Porzellan: exhibition of some 300 objects of Meissener porcelain from three German private collections. The objects on display were made between 1725 and 1755; to Jul 13

DUBLIN

CONCERT
National Concert Hall
Tel: 353-1-8711888
● John Roche: performance by the baritone, accompanied by accordion player Noel Healy, pianist John Brady and narrator Maureen Fallon. The programme includes works by French and Burns; Jun 25

EXHIBITION
Irish Museum of Modern Art
Tel: 353-1-6718666
● A Case for Painting: exhibition examining painting throughout the 20th century, including works by Balhaus, Lager, Derrin, Morandi, Yeats and Bonnard; from Jun 28 to Nov 2

EDINBURGH

EXHIBITION
Scottish National Gallery of Modern Art Tel: 44-131-5568921
● Picasso: Works from the Collection and Works on Loan: exhibition of 25 pieces from the Gallery's Picasso collection, together with three additional paintings on loan. Included in the display is a rare early collage work and a number of books containing watercolour sketches; to Jul 30

FRANKFURT

CONCERT
Alte Oper Tel: 49-69-1340400
● Gidon Kremer: performance by the violinist, accompanied by the bassist Alois Posch and pianist Vadim Sakharov. The programme includes works by Piazzolla; Jun 23

EXHIBITION

Museum für Moderne Kunst
Tel: 49-69-21230447
● Change of Scene XII: display of contemporary art, including works by Vija Celmins, Alberto Giacometti and new acquisitions by Jochen Filz, Andy Warhol and Cecilia Edefalk; from Jun 27 to Sep 28

GLASGOW

FESTIVAL
Glasgow International Jazz Festival Tel: 44-141-5523552
● Glasgow International Jazz Festival 1997: this year's highlights include performances by the Nat Adderley Quintet, Cleo Laine and John Dankworth, Dionne Warwick, the Geri Allen Trio and the Joshua Redman Quartet; from Jun 27 to Jul 6

GRAZ

EXHIBITION
Joanneum Neue Galerie
Tel: 43-316-829155
● Egon Schiele: Leopold Collection. Display of work by the Austrian painter, featuring 152 works from the collection of Prof Rudolph Leopold. Schiele's work rejected the more decorative elements of the Vienna Secession, producing instead a series of distorted images and unnatural colours; to Nov 2

INDIANAPOLIS

EXHIBITION
Indianapolis Museum of Art
Tel: 1-317-923-1331
● Turner Watercolors from Manchester and Indianapolis: exhibition of 115 works by the British painter, examining his role in raising the profile of the watercolour as an artistic medium. The display features pieces from the collections of the Manchester City Art Gallery, the Whitworth Art Gallery at the University of Manchester and the Kurt F. Panzer Collection, part of the Indianapolis Museum of Art; to Jul 23

JERUSALEM

EXHIBITION
Israel Museum Tel: 972-2-6708811
● The Sam Dubiner Collection of African and Israeli Art: display paying tribute to the industrialist and collector of tribal and Israeli art and the owner of Galerie Israel, which represented a number of important Israeli artists including Yitzhak Danziger and Israel Tamar, both on show here; from Jun 28 to Sep 29

LONDON

AUCTION
Sotheby's, Parke Bernet & Co. Tel: 44-171-4938080
● Impressionist and Modern Art, Part 1: highlights include a watercolour by Vincent van Gogh, 'Harvest in Provence', expected to become the most expensive modern picture sold in any European auction since 1990; Jun 24

CONCERT
Royal Festival Hall
Tel: 44-171-8604242
● Philharmonia Orchestra: with conductor Leonard Slatkin and pianist Emanuel Ax in works by Weber, Chopin and Tchaikovsky; Jun 24

EXHIBITION

British Museum Tel: 44-171-6361555
● The Ceramic Art of Sawada Chitoin: display featuring over 1,000 pieces by the Japanese artist, covering his work during the 1930s and later paintings on porcelain, based on the traditional porcelains of the Arita and Imari areas; to Aug 30

Dulwich Picture Gallery Tel: 44-181-6935254
● Stephen Cox at Dulwich Picture Gallery: display of work by the British sculptor, who bases his work on the experiences of a northern European civilization of the ancient stone-carving of the Mediterranean and beyond; from Jun 25 to Sep 28

Portrait Gallery Tel: 44-171-3060055
● BP Portrait Award and BP Travel Award 1997: exhibition of winners and selected entries from this year's BP Portrait Award competition, plus a small display of work from the 1996 Travel Award winner, Sadie Lee; from Jun 26 to Oct 5
● Tate Gallery Tel: 44-171-8878000
● 1997 Centenary Displays: special display marking the 100th anniversary of the Tate and featuring a number of major works from the Gallery's collection, from Stubbs and Gainsborough to Matisse and Pollock; to Jun 30
● Victoria & Albert Museum Tel: 44-171-9388500
● Sharmiana: The Mughal Tent: display featuring a spectacular tent, decked with textile panels inspired by the decorative arts of the Mughal and Rajput traditions; from Jun 26 to Sep 14

MADRID

CONCERT
Auditorio Nacional de Música
Tel: 34-1-3370100
● Cuarteto Sine Nomine: with violinist Enrique de Santiago in works by Haydn, Mozart and Brahms (Part of the 10th Festival Mozart Madrid 1997); Jun 28, 29

MONTE CARLO

EXHIBITION
Marsia del Re Gallery
Tel: 377-95258599
● Biennale de Sculpture de Monte-Carlo 1997: the sixth edition of this biennial event focusing on 20th-century sculpture. Featured artists include Roy Lichtenstein, Claes Oldenburg, Arman, Karel Appel, Alexander Calder and Lynn Chadwick; to Oct 31

MONTEREY

FESTIVAL
The Monterey Blues Festival
Tel: 1-408-3942652
● The Monterey Blues Festival: two-day festival including performances by Alvin Youngblood Hart, Beau Jaque and the Zydeco Hi-Rollers, Luther Allison and Etta James and the Roots Band; from Jun 28 to Jun 29

MONTREAL

FESTIVAL
Festival International de Jazz de Montréal Tel: 1-514-523-3378
● Festival International de Jazz de Montréal: this year's highlights include performances by Ben Harper, the Bill Frisell Quartet, Sam Myers and Luther Allison. The opening concert is by Pat Metheny; from Jun 26 to Jul 6

NEW YORK

EXHIBITION
The Metropolitan Museum of Art
Tel: 1-212-879 5500

Whitney Museum of American Art Tel: 212-570 3600
● Frank Lloyd Wright Designs for an American Landscape, 1922-1932: exhibition featuring 100 drawings, architectural models and computerised reconstructions covering the American architect's most productive years. The reconstructions include San Marcos in the Desert, a resort hotel planned in the late 1920s; from Jun 25 to Sep 14

Jazz
Avery Fisher Hall Tel: 1-212-875-5030
● Aretha Franklin: performance by the singer, accompanied by the Rev. Jesse Williams and Bobby Jones and the New Life Group (part of the 1997 JVC New York Jazz Festival); Jun 22
● Carnegie Hall Tel: 1-212-247-7800
● Patti LaBelle: performance by the singer, accompanied by the vibraphonist Roy Ayers; Jun 28

THEATRE
Belasco Tel: 1-212-239 6200
● A Doll's House: production of Ibsen's drama transferred from London's West End, starring Janet McTeer as Nora and Owen Teale as her husband. Directed by Anthony Page; to Jul 26

NICE

EXHIBITION
Musée Matisse Tel: 33-4-93 53 40 53
● Le Cote D'Azur: Le Mythe Méditerranéen: exhibition of works by artists who were residents of the Cote d'Azur 1918-1958. Including pieces by Bonnard, Chagall, Dufy, d'Espagnat, Kokoschka, Masson, Matisse, Renoir, Van Dongen and Van Velde; from Jun 27 to Oct 20

OSLO

EXHIBITION
Kunstindustrimuseet i Oslo - Museum of Applied Arts
Tel: 47-22-203578
● Blue as the Ocean: display of blue and white porcelain, from a range of sources across China, Europe and the Norwegian Postgrund Porcelain Factory; to Aug 17

OTTAWA

EXHIBITION
National Gallery of Canada
Tel: 1-613-990 1885
● Renoir Portraits: Impressions of an Age. Exhibition bringing together 70 portraits covering all periods of Renoir's career. Although all of the Impressionists (with the exception of Pissarro) turned to portraiture, only Renoir may be considered a professional portraitist; from Jun 27 to Sep 14

PARIS

AUCTION
Drouot Tel: 33-1-48 00 20 42/ 20 23
● L'Art Deco: highlights on sale are works by Giacometti, Frank, Ruhlmann, Arbus and Dunand; Jun 28

CONCERT
Théâtre du Châtelet
Tel: 33-1-42 33 00 00
● Asko Ensemble: with conductor Riccardo Chailly and bass Harry van der Kamp perform works by Francesconi, Varese and Rihm; Jun 28

EXHIBITION
Centre Georges Pompidou
Tel: 33-1-44 78 12 33
● Le Temps des Ingénieurs: exhibition examining the major projects carried out by building engineers since the mid-19th century. The display covers four themes, Iron, The Spread of

Reinforced Concrete, Light Structures and Current Issues, with exhibits including Jörg Schlaich's floating lens, a Duckminster Fuller geodesic dome and one of Frei Otto's tensile structures; from Jun 25 to Sep 29

FESTIVAL

Cité de la Musique
Tel: 33-1 44 84 45 00
● La Villette Jazz Festival: highlights include performances by Herbie Hancock, Fontella Bass and the Voices of St. Louis, the Geri Allen Trio, Alfredo Rodriguez, the Shirley Horn Trio and the Vienna Art Orchestra. The opening concert is by saxophonist Ornette Coleman; from Jun 27 to Jul 6

ROTTERDAM

EXHIBITION
Museum Boijmans Van Beuningen
Tel: 31-10-4419400
● Bruce Nauman - Fifteen pairs of white bronze hands: installation featuring 15 recent bronzes, supplemented by early video works by the American artist; from Jun 27 to Oct 27

SAN FRANCISCO

CONCERT
Louise M. Davies Symphony Hall
Tel: 1-415-864 6000
● The 4th Biennial Golden Gate International Children's Choral Festival: concert featuring 600 singers from 15 children's choirs performing massed choral music and folk music from around the world; Jun 28

SINGAPORE

THEATRE
Victoria Concert Hall Tel: 65-3381230
● Workhorse Afloat: by Loom. Directed by Ong Ken Sen, choreographed by Wenhui Ken Sen, performed by Theatre Works (part of the Festival of Asian Performing Arts '97); to Jun 27

STOCKHOLM

EXHIBITION
Nationalmuseum Tel: 46-8-6664250
● Carl Fabergé: Sweden's first large-scale Fabergé exhibition includes enamel caskets studded with diamonds and rubies, picture frames of Carleian birch, small sculptured animal figures and, of course, a number of his famous jewel encrusted eggs, including an Imperial Rose Trellis Egg, made in 1907; to Sep 19

STRASBOURG

OPERA
Palais de la Musique et des Congrès
Tel: 33-388 37 87 67
● La Nozze di Figaro: by Mozart. Conducted by Theodor Guschlbauer, performed by the Orchestre Philharmonique de Strasbourg and the Choeurs de l'Opéra du Rhin; Jun 28

VANCOUVER

EXHIBITION
Vancouver Art Gallery
Tel: 1-604-682-4668
● Matisse Illustrates: display including over 80 framed folio pages and editions of bound books, providing an overview of the illustrated works of the French artist, beginning with his earliest book 'Poésies' of 1932 and including his most famous, 'Jazz'; from Jun 26 to Oct 19

VENICE

EXHIBITION
Biennale di Venezia
Tel: 39-41-5218711
● Biennale 1997: attempts to merge past and present by displaying recent work by artists represented in previous Biennales over the last 30 years. The exhibition is divided between the Central Pavilion and the Corderie and surrounded by smaller displays by the various international representatives taking place in this year's event; from Jun 15 to Nov 9

VIENNA

CONCERT
Musikverein Tel: 43-1-5058881
● Wiener Symphoniker: with conductor Roger Norrington, soprano Angela Denoke and mezzo-soprano Uta Buchheiser in works by Weber, Berg, and Mendelssohn; Jun 28, 29

EXHIBITION

Palais Liechtenstein
Tel: 43-1-3176900
● Jiri (Jörg) Dokoupil: retrospective featuring 150 works by the Czech artist, including paintings, sculptures and watercolours; from Jun 27 to Aug 31

FESTIVAL
Musiksommer Festspiel der Stadt Wien, Musikreferat
Tel: 43-1-4008400
● Klangbogen Wien 1997: this year's festival features performances by the Budapest Festival Orchestra, the Gustav Mahler Jugenorchester, the Orchestra of the Age of Enlightenment and the Wiener Akademie. The opening concert is by the Wiener Symphoniker, conducted by Roger Norrington with soprano Angela Denoke in works by Weber, Berg and Mendelssohn; from Jun 25 to Sep 7

WASHINGTON

EXHIBITION
National Gallery of Art
Tel: 1-202-7374215
● Crown Point Press: while other workshops were focusing on lithography and screenprinting in the 1960s and 1970s, Crown Point Press became the preeminent place for artists interested in etching; from Jun 8 to Sep 1

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Weekend Investor

Wall Street

Even the stars are not infallible

But for now, says Richard Waters, the market has chosen to run with the bulls

Wall Street got a reminder this week that even star performers of the mid-1990s bull market are not infallible. It came with profits warnings from two high-flyers in the computer industry: Gateway 2000 and Seagate Technology.

The profits of technology companies have provided much of the rocket fuel that has driven the run-up in share prices. So any suggestion that the fuel tanks could be running low is liable to cause a degree of concern among investors.

There is an echo of June 1996, when profit warnings from technology companies led to a stumble in share prices. The market fell nearly 10 per cent before the fears of a profit slowdown were found to have been overblown and prices began an autumn surge. This time, the worries have not been in the ascendancy, and isolated profit warnings have failed to prompt wider concerns about earnings power.

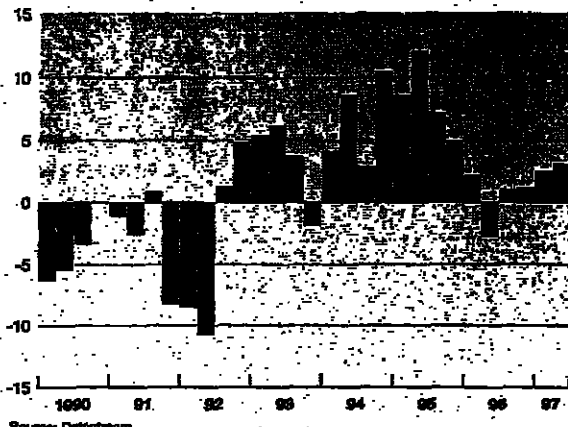
That is good sign as Corporate America gets ready to report its latest quarterly earnings early next month. However, it also prompts a broader question: have investors given too much weight to the good news on profits that will be coming out in the short term, while failing to look forward to slimmer pickings on the earnings front next year?

The lack of concern over profit warnings was evident from the way the Nasdaq composite, which is heavily skewed towards technology stocks, rebounded from the Gateway and Seagate news to reach record territory by yesterday morning. In many ways, this represents a more rational response than last year's concerns. Companies that know they are going to miss earnings targets normally act quickly to change expectations. The weeks before a quarterly earnings season are always littered with such news.

That doesn't take away from the generally robust condition of US computer makers, software producers and semiconductor companies. Wall Street expects the 31 per cent increase in operating earnings from this sector in the first quarter of the year to be repeated in the second and third quarters,

Earnings growth remains strong

Quarter-on-quarter % change in implied earnings on the S&P Composite Index



according to First Call, a company which tracks analysts' earnings estimates.

This echoes the wider earnings boom which has underpinned US share prices this year. Normally, corporate profits rise strongly after a recession, then level off as the economic cycle turns. But in the elongated US economic expansion of the 1990s, profits have just kept on growing.

The chart alongside is based on the reported earnings of companies in the

Profits are one thing, the way the stock market values them is another

Standard & Poor's 500 index. Operating earnings have been growing even more strongly, with gains of more than 10 per cent in 20 of the past 22 quarters, says Chuck Hill, director of research at First Call. The two single-digit periods came last year, but Corporate America has bounced back, with a 15 per cent gain in operating earnings in the first quarter of this year and an expected 11 per cent rise for the second quarter.

This provides a solid foundation for share prices – especially if, as now generally expected, the Federal Reserve chooses not to engineer a rise in US interest rates next month. But profits

are one thing, the way the stock market values them is another. And here there is room for caution.

By whatever measure of earnings you choose to take, US shares are as highly valued as they have been at any time in the past three decades. Traditionally, high valuations like these are seen at a time when corporate profits are depressed: they reflect a belief that a cyclical rebound will follow. This time, though, the premium valuation has come at a time when earnings are already running around 25 per cent above their long-term growth trend, Hill points out.

The rival view is the one put forward by a new breed of super-bulls on Wall Street. It is summed up by Edward Yardeni, chief economist at Deutsche Morgan Grenfell in New York. US companies can continue to build their profit margins, he says, thanks to continued innovation and productivity growth.

Yardeni thinks the Dow Jones Industrial Average, now close to 7,800, will get to 10,000 by 2000, then hit 15,000 by 2005. Ralph Acampora, an analyst at Prudential Securities, said he thinks the 10,000 barrier will be reached within 12 months. For now, the market has chosen to run with the bulls.

Dow Jones Ind Average
Monday 7772.09 - 9.85
Tuesday 7780.78 - 11.31
Wednesday 7718.71 - 42.07
Thursday 7777.06 + 58.35
Friday

London

City's ardour swiftly cools

Philip Coggan mourns short-lived pairings

It seems only yesterday that they were the perfect couple, a love match. They would star alongside each other and attain new heights. But this week saw the break-up both of Brad Pitt and Gwyneth Paltrow and of another romantic pairing: Labour and the City.

Brad and his partner drifted apart (I'm free most Friday nights, Gwyneth), but Labour and the City fell out over the subject that troubles so many couples: money. A Financial Times report indicated on Monday that Labour did, after all, plan to abolish the tax credit on dividends.

This, if not balanced by measures to encourage investment, would raise an estimated £30n to help narrow the public sector borrowing requirement. It would also cut the income of pension funds (and holders of UK personal equity plans) by 20 per cent

and reduce the actuarial value of pension schemes.

This might, in some cases, force the schemes into deficit, requiring their corporate parents to inject capital into the funds.

Cutting the tax credit would also reduce the yield on the equity market, which is already fairly low, below 3 per cent. That was its level just before the crash of 1987. None of this is good news for the UK equity market. There was some talk that the FTSE 100 index could fall by 10 per cent in response, on the grounds that non-taxpayers own around half the market and that their loss would be 20 per cent.

However, the change has not actually been announced yet and expectations that the credit would be abolished must have already been partly priced into the market. Nevertheless, Footsie's losses were substantial – 4 per cent on the week – even if other factors may have played a part in the decline.



Perfect couple – but their love match was destined to go astray

The long term effects of a change may be complex. The abolition of the tax credit would force pension funds to scramble around to replace their lost income, perhaps shifting into gilts. But it might also, paradoxically, encourage funds to buy more UK equities. UK shares will still carry a higher dividend yield than most overseas equities, so one solution to the income problem would be to sell European or Asian investments.

Another implication of the tax credit report is that the government is looking to raise money from the corporate, rather than the personal, sector. That is understandable in terms of the government's electoral promises. But it is more bad news for the market, since the consensus is that the consumer needs reining in.

The sharp jump in retail sales in May – a 1.1 per cent month-on-month rise –

appeared to confirm the long-held suspicion that consumer spending was about to take off. And by May, consumers had only enjoyed their windfall from the Alliance & Leicester flotation – the Halifax and Norwich Union bonanzas will show up in the June figures.

Money supply figures also appeared to indicate a rapidly accelerating economy. The broad measure, M4, rose by 1.3 per cent month-on-month and 11.1 per cent year-on-year in May, well above the Bank of England's monitoring range. Bank lending to individuals and businesses hit £9.2bn in May, from £4.4bn in April.

One always needs to be careful of leaping to broad conclusions from a couple of statistics; the data are frequently revised and often erratic. Surveys of retailers suggest High Street spending is nowhere near as buoyant as the official figures indicate.

But a consumer boom seems an all too plausible prospect. The economy has been growing steadily since 1992, quite a long cycle by normal standards. Unemployment has been falling rapidly in recent months; house prices are rising, and quite quickly in some areas. The building society and insurance windfalls add that extra touch on the accelerator.

Pessimists such as Richard Jeffrey, Charterhouse group economist, think the rapidly accelerating economy will result in inflationary pressures and will force the Bank of England to increase

interest rates several times this year.

Base rates will be 8 per cent by the end of the year in his view, whereas short sterling futures, which indicate the market consensus on interest rates, are still pointing to an end-year level of just over 7 per cent.

Footsie accordingly suffered towards the end of the week from fears that the monetary policy committee, the new forum for deciding on rate changes, will act to head off inflationary pressure by raising rates at its next meeting.

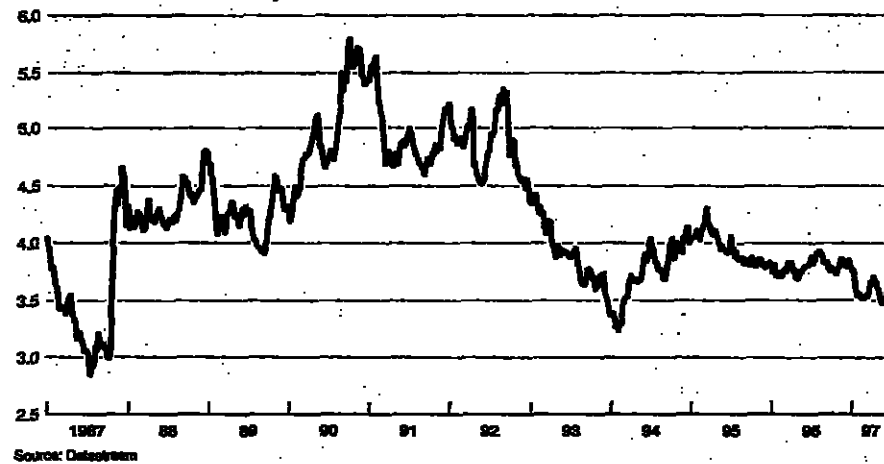
A background of a strong pound and rising interest rates is hardly conducive to the health of corporate earnings. And, with the FT Non-financial index standing on a price-earnings ratio of just under 19 at the moment, the market is taking a measure of earnings growth on faith.

It is hard, in any case, to blame investors for taking some profits after the phenomenal run that carried Footsie up 16 per cent in the first six months of the year to its peak of 4,783.1 last week.

The post-election rally may, in retrospect, have represented the final burst of euphoria as the market indulged in its "honeymoon period" with Tony Blair and Gordon Brown. Now the City has cooled its ardour for "flash" Gordon, and its fervent hope will be that his nickname does not change to "crash" Gordon.

Tax change threatens dividend yields

FTSE All-Share Index dividend yield %



Highlights of the week

	Price	Change	52 week	52 week	
	Yday	on week	High	Low	
FTSE 100 Index	4993.9	-189.2	4783.1	3612.6	Budget fears
ETR	2011%	+12%	289	180%	Goldman Sachs recommended
BSkyB	487%	-98	697	421	Chief executive leaves
British Steel	158%	-5	169%	135%	Fears of strong pound, US buying
Carpetright	489%	+30	658	434%	Bullish trading statement
Grand Met	580	+25	613	411%	LVMH buys stake
Halifax	770	+16	783	714	Auctions dry up
ICI	848%	-15%	877	681%	Currency fears
Nat West Bank	746%	-50	844%	605%	Profits warning
Psion	402%	-102%	512%	310	Profits warning
Siebe	1017	+47	1083%	878	APV deal cleared, analysts visit
T & N	183%	+15%	190%	120%	Takeover rumours

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Barry Riley

Stocks lead 1990s race

Equities versus bonds – the saga continues

As the decade of the 1990s approaches the three-quarters mark it is time for me to pick up the threads of an old running story – the saga of equities versus fixed interest bonds. At the beginning of 1990 I speculated about whether equities could continue their spectacular progress of the 1980s, when returns on the UK market averaged 24 per cent a year. In a climate of slower economic growth and low inflation might the next 10 years turn out to be the decade of the bond?

In mid-1992, and again at the end of 1994, I compiled progress reports. Bonds indeed were running well ahead of equities – with an annualised return of 11.5 per cent at the five-year mark, for instance, against a comparable 9.1 per cent on the All-Share Index. All the performance numbers I am quoting, incidentally, are annualised total investment returns – gross income plus capital gains.

I have only used high quality government bond indices, although no doubt it would be possible to derive much higher bond returns by including corporate junk bonds, or the emerging market government debt that has become so popular over the past year.

So bonds started the decade strongly. Unless you have spent the past quarter-decade burrowing under Manchester Airport you will be well aware, however, that stocks have been fighting back. Not that

long-dated gilt-edged have been at all disappointing, generating 12.2 per cent a year over 7½ years. But equities have begun to race ahead, having moved past bonds on a cumulative return basis in January 1996. Their annualised 1990s total return is now 13.8 per cent.

This lead is by no means yet decisive, however. Equities could still falter before we reach the millennium. Moreover the

A combination of good economic growth and low inflation is ideal for equity markets

performance of the UK stock market has been unusually strong by international standards. True, the US market has been somewhat better still, especially in the past couple of years, but foreign equities as a whole – as measured by the World ex UK Index in the FT/S & P Actuaries series – have returned only 8.2 per cent in sterling terms.

And if we look at the fully global picture it seems the jury is still out on the stocks versus bonds challenge. I have been studying the returns on the J.P. Morgan Global Government Bond Index and the FT/S & P World Index. The latter has been lagging throughout the 1990s – until now. It has managed a big spurt since April, and the cumulative equity return passed the equivalent for bonds only last week. But with the annualised total return (in dollars) standing at about 8.8 per

cent in each case there is still everything to play for.

Moreover there is one leading economy where bonds have won hands down. It is, of course, Japan, where stock market returns have averaged minus 6.9 per cent a year (in yen) since the end of 1989 while government bonds have returned a sturdy 7.6 per cent. Admittedly we now have Japanese bonds looking expensive on a 10-year

yield of 2.4 per cent. But each time the yield rises it subsidises again as Japanese investors reluctantly conclude that domestic bonds are the least bad assets they can buy.

And such is the power of compound interest, positive or negative, that a sum invested in Japanese bonds at the beginning of the decade would now be worth three times as much as the same amount put simultaneously into a Tokyo equity index fund.

Japan has represented an extreme case of an overheated economy tipped into debt deflation and prolonged recession. Short-term investors have suffered as the interest rate on money market deposits has tumbled to 0.5 per cent. Original holders of longer-term bonds have, however, enjoyed substantial capital gains as 10-year bond yields have shrivelled from 7 per cent since

1990. But new buyers of Japanese bonds face sizeable risks.

The global economy as a whole has certainly slowed in the 1990s, averaging 2.1 per cent a year for the OECD member countries against 3.2 per cent in the 1980s. But growth is currently climbing back above 3 per cent and this is encouraging the stock markets – although there is still no sign of the rising inflation which would seriously threaten bonds. Wednesday's US consumer price index figures put inflation there at its lowest for a decade, at 2.2 per cent.

A combination of good economic growth and low inflation is ideal for equity markets, encouraging high valuations of a kind not seen since the late 1960s when conditions were roughly similar – before being spoiled by the American government's financial excesses associated with the Vietnam war, and by oil market accidents.

Will equities stay in the lead until 2000? It is hard to imagine a future accident that would not hit bonds hard too. But gilts could be a special case, because they are still quite cheap by international standards.

Greater confidence in the future monetary policy of the British government – or more precisely, of the Bank of England – could yet bring gilt yields down to 0.6 per cent and set the equity market a serious target, especially if, as rumoured, dividends will be penalised in next month's Budget.

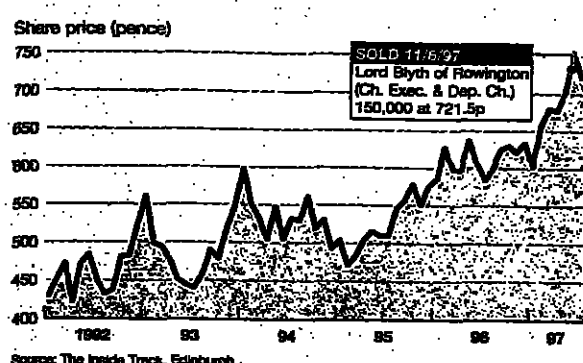
Offshore managed funds and UK managed funds are listed in Section One

Directors' share dealings

Transactions in own companies:
June 1-15 1997

Company	Sector	Shares	Value £'000	No of directors
Sales	RelG	150,000	1062	1
Boots	Phar	4,000	12	1
Bradford Prop	Prop	204,500	685	2
Davro International	Phar	20,000	34	1
Galaxy Media Corp	Medi	2,500	21	1
Hydr	Whr	358,870	1813	1
Intmedia Capital Gp	Phar	150,000	405	2
Keller	Phar	3,000	21	1
South West Water	Whr	14,500	101	1
Umeo	Eng	500,000	1800	2
Wet Group	Eng	12,000	30	1
Wetherspoon	Brew	1,050	15	1
British Land	Prop	8,149	47	1
London Clubs Int	LHFI	1,134,800	4369	2
Rugby Estates	Prop	91,500	156	2
Tesco	RelF	458,083	1789	4
Purchases				
Alliance Res	Oil	50,000	12	1
Argos	RelG	4,000	24	1
BAT Industries	Tobac	28,168	161	2
Cable & Wireless	Tele	58,000	314	4
Capital Radio	Medi	15,000	84	1
De La Rue	PP&P	12,825	47	3
DeLacey Estates	Prop	60,000	44	1

Boots



Results due next week

Company	Sector	Announc due	Last year interim	Dividend (p)	This year interim
FINAL DIVIDENDS					
ASDA	Retail	Thursday	0.72	1.93	0.81
ATA Technology	Phar	Monday	3.5	4.75	2.75
Alcan	Phar	Monday	1.25	4.7	1.25
Adams (NS)	Phar	Thursday	3.35	6.35	3.35
Caple Inc	Phar	Thursday	2.48	-	-
Chloride	Phar	Thursday	0.123	0.377	0.18
Chloride Group	Phar	Thursday	-	-	-
City & County	Phar	Thursday	0.85	2.57	0.85
City & County	Phar	Thursday	3.5	4.75	1.25
Debenhams	Phar	Thursday	0.8	0.9	0.9
East Surrey Holdings	Phar	Thursday	0.2	12.4	3.6
Evans & Lewis	Phar	Thursday	0.85	2.57	1.08
Great Universal Stores	Phar	Thursday	5.8	11.5	5.8
Greene King	Phar	Thursday	4.5	11.0	4.75
Holmes	Phar	Thursday	1.088	1.559	1.21
Hampson Inc	Phar	Thursday	0.55	1.7	0.5
Harvey Nichols	Phar	Thursday	-	-	-
Harvey Nichols	Phar	Thursday	-	-	-
Hugg Robinson	Phar	Thursday	3.3	6.45	3.7
Imery & Stone	Phar	Thursday	2.6	5.75	2.85
Jones & Shipman	Phar	Thursday	1.0	1.0	0.5
Kellogg Computer	Phar	Thursday	1.1	3.65	1.5
Kellogg Systems	Phar	Thursday	3.0	5.8	3.0
Lambert Finance	Phar	Thursday	2.9	5.5	2.9
London Finance Ltd	Phar	Thursday	1.1	2.3	1.75
Majestic Wine	Phar	Thursday	-	-	-
Majestic Wine	Phar	Thursday	-	-	-
Morrisons	Phar	Thursday	1.65	3.35	2.0
Murray Smiles Markets	Phar	Thursday	1.6	3.45	1.8
Nagendram	Phar	Thursday	0.5	1.2	0.5
Pharmacia	Phar	Thursday	2.8	5.8	2.8
Syngenta	Phar	Thursday	1.8	3.82	2.0
TBI	Phar	Thursday	1.8	2.2	1.15
Texas John Group	Phar	Thursday	1.8	2.2	1.15
Vendome Luxury	Phar	Thursday	3.65	6.85	3.62
Vodafone Group	Phar	Thursday	3.0	18.2	5.7
Woolworth	Phar	Thursday	-	-	-
Zenith	Phar	Thursday	-	-	-
INTERIM DIVIDENDS					
First Leisure	Phar	Monday	2.51	5.63	-
Lorhol	Phar	Monday	1.0	3.0	-
M.L. Laboratories	Phar	Monday	-	-	-
Southern Latin Am Inv	Phar	Monday	-	-	-

Dividends are shown net of tax and are adjusted for any intervening share issues. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. 1st interim, 2nd interim, 3rd interim, 4th interim, 5th interim, 6th interim, 7th interim, 8th interim, 9th interim, 10th interim, 11th interim, 12th interim, 13th interim, 14th interim, 15th interim, 16th interim, 17th interim, 18th interim, 19th interim, 20th interim, 21st interim, 22nd interim, 23rd interim, 24th interim, 25th interim, 26th interim, 27th interim, 28th interim, 29th interim, 30th interim, 31st interim, 32nd interim, 33rd interim, 34th interim, 35th interim, 36th interim, 37th interim, 38th interim, 39th interim, 40th interim, 41st interim, 42nd interim, 43rd interim, 44th interim, 45th interim, 46th interim, 47th interim, 48th interim, 49th interim, 50th interim, 51st interim, 52nd interim, 53rd interim, 54th interim, 55th interim, 56th interim, 57th interim, 58th interim, 59th interim, 60th interim, 61st interim, 62nd interim, 63rd interim, 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FT WEEKEND

True Fiction

With my pooter always at the ready

Kieran Cooke reflects on the joys – and serious health hazards – of his favourite pastime

On these balmy, long evenings there is nothing quite like a spot of pooting to set the soul to rest. I crunch through the cope at twilight, eyes ever eager. I dart round trees in public parks. I break away from garden parties, preferring to linger around the compost heap. My pooter is always poised for action, ready to home in on its prey.

It is surprising how suspicious and intolerant some people are. One young woman of an undoubtedly nervous disposition, seeing me in close proximity to a tree the other day, went so far as to summon officers of the law. I still bear bruises from an assault by two joggers in Kensington Palace Gardens. Worse still, during that incident the best pooter I ever had was smashed to smithereens.

Yet pooting is an entirely harmless pastime – at least it is if you do not happen to be a member of the insect kingdom. For those uninitiated, a few words of explanation might be in order.

A pooter is a long phial, usually made of glass, by which we entomologists (I classify myself very much an amateur of the species) secure our prey.

Let us say you are taking a stroll through Central Park. On a tree you happen to notice a strange insect. You whip out your ever-ready pooter and, with the utmost stealth, approach.

The lower end of the phial is placed on a spot over the insect, the other end between your lips. Halfway along the pooter is a little glass bubble. A quick intake of breath and, bingo, you have your beast trapped, ready to be taken home for analysis and identification.

By such humble methods some of the great entomological discoveries of our time have been made.

I first came across pooting some years ago in Sulawesi where an international expedition was examining jungle life.

A forlorn looking Finn specialised in dung beetles. A professor from Dublin was studying the aquatic cockroach. "These little blighters have a population speed of 2½ seconds," he said. "Beat that."

A man from Cambridge was involved in the somewhat microscopic business of examining the parasites of the genitalia of ants. (It must be said these were the large ants of the tropical variety and not the small workers you see carrying your Stilton across the hall.)

Pooting was vital to the

research of this army of enthusiasts. Pooters, mostly homemade, came in all manner of shapes and sizes. The Cambridge man used a crude but highly effective device, fashioned out of a bit of cast-off chemistry equipment and a jam jar.

A stick insect enthusiast from Des Moines had a motorised pooter; unfortunately, it tended to vacuum up the jungle floor indiscriminately and was discarded after the American was threatened with being skewered to a tree unless he stopped his noisy activities.

Most intriguing of all was the pooter used by Dr Takagi, a dragon fly expert from Hokkaido. It was exceptionally long but so narrow it was almost impossible to breathe through.

"We Japanese have different lungs to other people," said Dr Takagi.

It seems pooting has been going on for a long time. Cave paintings in the Ardeche show naked forms pooting about. Some shards found in Libya indicate the Romans were ardent pooter practitioners.

The literature on this somewhat arcane pastime is limited. Heidegger is thorough but conveys little of the joys of pooting. On the other hand, Milton-Chuvall is full of amusing anecdotes, though some feel he too frequently allows his ego to obstruct the world of science.

(M-C's reputation took a dive after the disgraceful business with the magistrate's wife in Guatemala: many entomologists

have never forgiven him for bringing some very unsavoury publicity to the innocent world of pooting.)

There is evidence that pooting is becoming more widespread. Our local pooting chapter is now linked to more than 20 similar organisations around the globe. Our magazine, Puff & Foot, and web site have a growing readership. Of course, to become an effective pooter takes time and effort. The skill is best described as similar to blowing a trumpet, but in reverse.

You have to purse your lips and make the sharpest of breath intakes possible. If you are not quick enough, the insect escapes. If you are too enthusiastic, the insect will miss the glass jar, travel all the way up

the tube and enter your mouth. This is not only distasteful but can also lead to disease and death. A while ago a Russian entomologist died after an over enthusiastic pooting session in a cave in northern Greece, where she had been collecting insects off bat excreta.

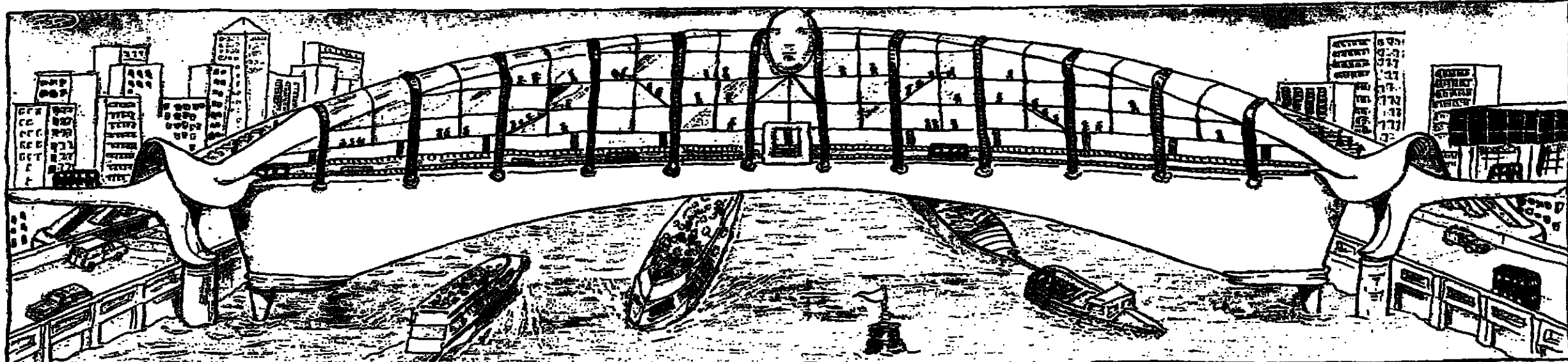
Then there was the man with the hacking cough I came across in Sulawesi. Late one night, over a bottle of the local "Hands Up" whisky, he confessed to a dreadful ailment.

"There I was in Richmond Park doing a bit of pooting round the trees. Suddenly, just at the critical moment, I had a big hiccup. I sucked up everything, straight into my lungs. Now I've got a tree disease."

I thought of him shedding his hair in autumn and growing it again in spring. "You mean you have Dutch elm?" I asked.

"No," he said, a volcanic cough erupting. "Sooty bark."

All through a love of pooting. Heidegger: *My Pooter and Lederhosen*, Hamburg, 1962. Milton-Chuvall: *A Sharp Intake of Breath*, Oxford, 1978.



Metropolis

The thrill of being a bridge

Colin Amery follows Franz Kafka over the feature that is becoming a symbol of the millennium

Franz Kafka worried about being a human bridge. In one of his works he sensed the symbolic importance of bridges. He saw himself spanning gaps, lying down and taking the weight, both anticipating and dreading the moment when he would have to bear the burden of someone wanting to get to the other side. Being Kafka, he was also fascinated by the space beneath the bridge – the sublime magnificence and terror of the abyss.

It is not entirely surprising that bridges have become, quite suddenly, highly symbolic. There is a lack of any kind of consensus about the right way to celebrate the millennium – just reminding people that Christ was born around 2,000 years ago does not seem to be enough. So, enter The Bridge.

In London, there will be new bridges across the Thames that will magically end the divide between the unfashionable south side of the river – from time immemorial severed from all the activity across the other bank – and the north side.

In Rome, there are plans for 20 new bridges across the

Tiber, using the one clear space in that crowded and monumental city to build hotels on the bridges for pilgrims.

If they are ever built they will provide a symbolic 2,000 rooms just for the holy year 2000 and be removed at the end of the year's celebrations. They will be suspended over the waters that divide Christian Rome from Imperial Rome – the symbolic possibilities are positively exhausting.

Another plan for a Millennium Bridge in Rome, by Cezary Bednarski with Studio E Architects, has an ambitious programme to link the new (and only) mosque in Rome, to the vista of St Peter's Basilica that can be seen along the Via di Porta Angelica. This bridge over the Tiber, offering an amazing viewing point in central Rome, will also

house pilgrims in hotels on each side of its length. Between the hotels will be a garden of paradise that represents one of the mythical elements that is common to Islam and Christianity.

In 1998, the Honshu-Shikoku Bridge will open, spanning the busiest waterway in Japan and linking two of the archipelago's islands for the first time. It will be 2.5 miles long (4km), which makes it longer than its rival for the title of the longest suspension bridge in the world – the Great Belt Link which has just been completed to connect Copenhagen on the island of Funen to the other half of Denmark's population on Zealand.

Meanwhile, the two banks of Tokyo Bay have just been linked by the world's longest stretch of under-sea highway, 9.5km worth of below-sea driving, combined with a

4.4km bridge. With the paying customers due to begin crossing in December, the government now has to decide whether a planned toll of almost \$50 will convince them to take the long route instead.

In Dubai, the divisions between the two parts of the city, Deira and Bur Dubai, are about to be healed by the Dubai Pearl Bridge, designed by the Italian architect, Mario Bellini. The pearl diving industry was once one of the key commercial activities of Dubai, now a significant financial centre in the Middle East.

A huge auditorium that seats 2,500 people on the bridge is pearl-shaped – and it appears to be held, pincer-like, by big buildings on either side. These include the United Arab Emirates Stock Exchange, dangerously poised over the very

shallow waters of the Al-Khor Creek.

By some Middle Eastern miracle of irrigation there will be a huge avenue of palm trees on the bridge for sauntering brokers. The Dubai bridge will also have a hotel and apartments, because bridges are not just made for walking and driving, but are returning to their former life as the settings for desirable residences.

London's old river Thames is the reason the city is there at all. The Romans saw London as the natural crossing point of the river and as the city grew, the first and only bridge, London Bridge, was built to be inhabited. The nursery rhyme, "London Bridge is falling down..." seems to share with Kafka an ambivalence about the security of bridges.

Nor can it have ever been

that agreeable to return to your home on the bridge beneath the rotting skulls of traitors and criminals set on the poles at either end to welcome you to friendly London. Today, the plans for bridges over the Thames are both ambivalent and ambitious. It is time that they were clarified so that the Thames in central London becomes the heart of the capital's millennium celebration.

There are three key sites. The millennium footbridge, designed by Sir Norman Foster and sculptor Sir Anthony Caro, and linking St Paul's steps and the new Tate Gallery of Modern Art at Bankside, is well on the way to being realised. The design

was selected in a competition organised by the Financial Times, and now the Millennium Commission has placed the bridge in the final round of bidding for its funds.

The second site is Hungerford Bridge, now a grotesque pedestrian carriageway alongside the railway tracks near Charing Cross station – all that is missing and the medieval muck are the traitors' skulls. It is to be redone with sheltered walkways in a striking design by the Oxo Tower architects, Lifschutz Davidson.

This scheme needs a push. It has Lottery funding and local authority support from the Cross River Partnership – it would be tragic if

bureaucracy barred the way.

The third site is more controversial because it depends on the government's will to complete the transformation of Somerset House into a centre of cultural activity. Somerset House, before the construction of the Victoria Embankment, rose from the waters of the Thames like a Venetian palace.

Today, few people realise that the building straddles a sloping site from the river to The Strand. There is a wonderful opportunity for the development of this "secret site" beneath the buildings as a centre for musical performances. Its viability would be vastly enhanced if the terraces of Somerset House were linked to the terraces of the South Bank.

Kafka saw the danger and the potential excitement of being a bridge. London's astonishing cultural growth demands the same sense of risk and excitement. Three bridges will effect a transformation – and "no bridge, once spanned, can cease to be a bridge."

Arcadia

The village of lost dreams

A venerable Indian family looks back on its faded glories with Stefan Wagstyl

Jai Singh fingers the battered sword which once belonged to his grandfather. It is the family's last heirloom from the days before independence, when it ruled the village of Chanukhera on the northern edge of the north Indian plains. Even the silver scabbard has been sold to help clear debts, pay taxes and provide daughters with dowries.

It has gone the same way as thousands of acres of land on which the former Rajas of Chanukhera held hunting parties for British officers. The family's retainers, elephants, and 1930s Austin motor car are all a fading memory.

Jai Singh, who is 62, can barely bring himself to talk about the past. He looks away in shame when his son, Arun Kumar Singh, 27, explains how the family brought ruin on itself. "There was so much eating and drinking. They continued to enjoy themselves although the money was no longer there. By the time I was old enough to realise what was happening it was too late."

Chanukhera retains an other-worldly air in which time moves more slowly than in the cities. It lies along a road about 5km from the nearby market town of Domariaganj, surrounded by fields of rice, wheat and vegetables. Agriculture brings two seasons of hard work,

but otherwise leaves people free to let small tasks fill half a day. Life revolves around cooking, washing, fetching water and digging vegetables.

It is easy to see how, in this sleepy atmosphere, Jai Singh and his relatives let things drift. Even today, they refuse to do manual work. Their last remaining source of income is a small mill for grinding rice and wheat. But rather than operate it themselves, they hire a labourer. A neighbour says: "They will not work. So those who once lived like kings are now beggars."

But not everyone has let time slip by. The advent of the vote and of land reform, of fertilisers, pesticides and tractors, and of television and the start of bus services to Domariaganj have transformed Chanukhera.

The population has swelled from about 1,000 to 3,500, but farm output has soared and so have the possibilities of education and work outside the village.

The demand for land is more intense than ever. The custom of dividing holdings equally among sons – and selling off parcels to raise money for daughters' dowries – has reduced many plots to the point at which they cannot support a family. Among thakurs, the dominant landowning caste, the average holding has fallen from 25 acres in the 1960s to two or three acres.

J.P. Singh, landowner, says: "Daughters are a curse."

Chanukhera's traditional centre lies about 300 metres off the Domariaganj road. Here stands Jai Singh's whitewashed brick house, complete with a portico of classical columns. Around it are the homes of other thakurs and of a few Brahmins, the traditional priestly caste. A little farther from the road is a marketplace, surrounded by the brick-built homes of Hindu and Muslim traders

from middle-ranked castes. Beyond them the lowest castes live in mud huts. For centuries the marketplace was the heart of village life. But since independence the focus has shifted to the main road, where steady increases in traffic have encouraged more enterprising villagers to establish small shops.

The worst excesses of the caste system have been curbed in Chanukhera. Thakurs can no longer beat the lower castes with impunity or rape their daughters. The advent of lower caste gov-

ernments in the 1990s in the state of Uttar Pradesh, to which the village belongs, has given some confidence to the lower castes. Thakurs say the former untouchables now complain to the police about the slightest offence.

People from different castes even grasp together – something that would have been rare 30 years ago.

Nevertheless, caste remains the single most important social distinction in village life. Everyone is aware of everybody else's caste. There is virtually no inter-marriage. Even though the main village temple is now open to all Hindus, the lowest castes worship at their own modest shrine.

"Why should we go anywhere else," says Sugana, a 40-year-old mother of four.

At the top of the village hierarchy, the Hindu landowners retain their dominance, filling the vacuum left as the Raja's family declined. But these households have had to fight for their success – mainly by supplementing farm incomes by finding city jobs for their children. A life that was once taken for granted has become a competition in which landowners have a head start but are no longer sure to win.

Successful thakurs have been forced to share power with families from the middle-ranking castes, mainly traders, including many Muslims. The richest man in the district is no longer the

Raja of Chanukhera but Kita Bullah, a Muslim businessman who made his fortune with a brick kiln and now runs a petrol station, a scooter dealership, and a property portfolio that includes much of the old Raja's former possessions.

The advance of the middle castes has not been fully shared with the very poor – the landless labourers of the lowest castes, who were once known as untouchables. They no longer die of hunger as before. But they are racked by tuberculosis and malnutrition. And they remain utterly dependent on the landowners for work.

Among the former untouchables there is virtually no one who can read. They say they cannot see the point when even landowners' children who go to school cannot get jobs.

At the other end of the social scale, Arun Kumar Singh, the former Raja's great-grandson, says the same. "I have a BA degree. It didn't help me." He looks wistfully across the dusty courtyard in front of his family's home. "If only our money had not all gone, things would be different."

Chees No 1185: Not 1 2 4? b2a3 2 b2a3 Kq3 when Black's h7 pawn moves at f2, not 1 Kxg2? Kq3 when Black's pawns but 1 f2 g3 2 Kxg2 Kq5 3 a4 b2a3 on peasant 4 b2a3 Kf5 5 a4 Kd5 6 d4 cxd4 7 c4 dxc4 8 a5 and queens.

Degas

Danceuses, 1899



Sold at Sotheby's for \$11 million in May, 1997

A World Record for a Pastel by the Artist

SOTHEBY'S